

Infrastructure Financing Task Force

September 19, 2011

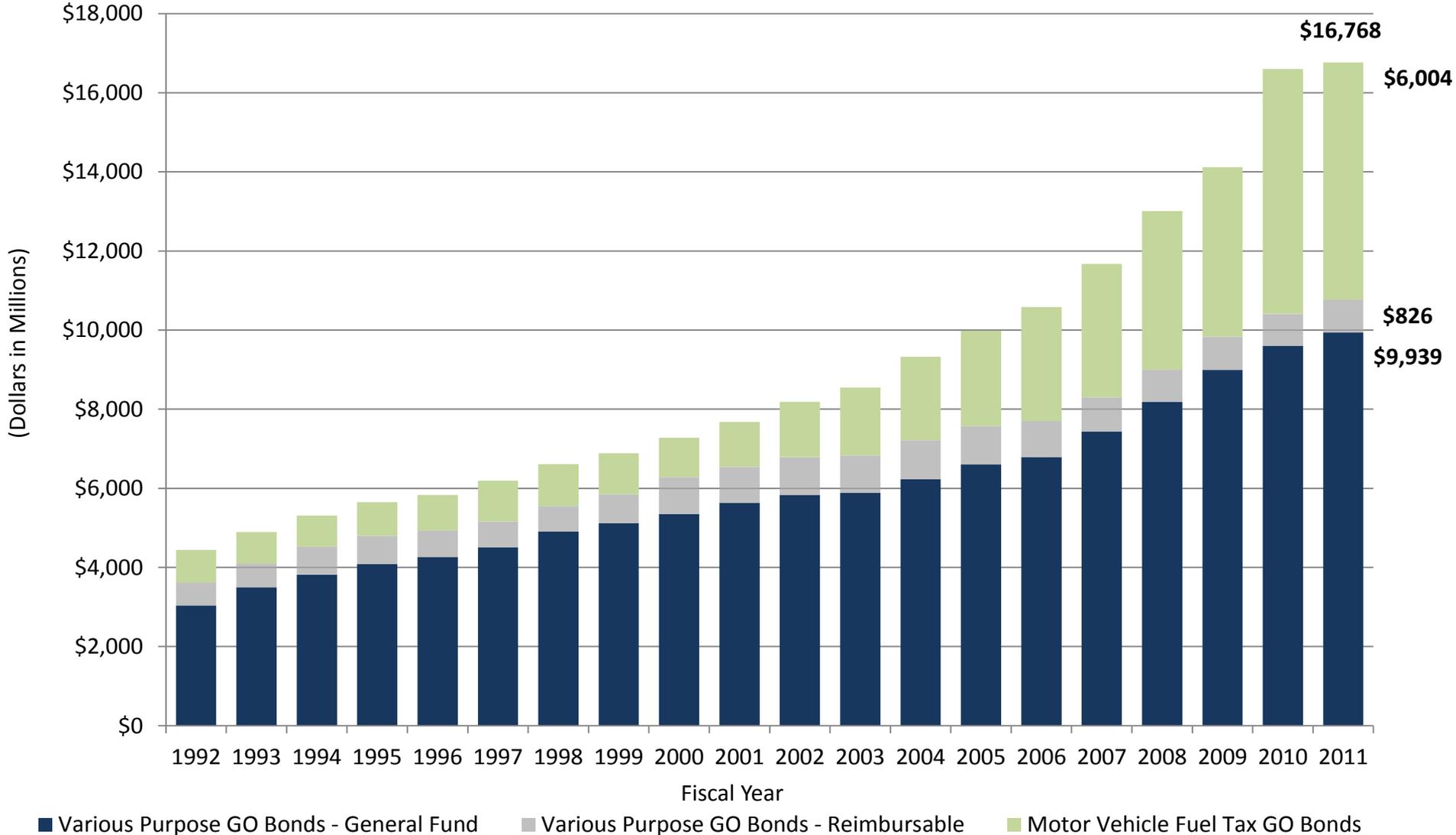
Office of the State Treasurer
Office of Program Research

State Debt Obligations

Subject to the Constitutional Debt Limit		
Types of Debt Obligations	Cost *	Examples
Various Purpose State General Obligation (GO) Bonds \$10.8 billion outstanding (6-30-11)	4.0% to 5.0%	Renovation of K-12 school facilities. Prison construction. Higher Ed building preservation.
Other Debt Obligations Not Subject to the Constitutional Debt Limit		
MVFT/GO Bonds \$6.0 billion outstanding (6-30-11)	4.0% to 5.0%	Highway projects.
Certificates of Participation (COP) - State \$394 million real estate outstanding \$116.5 million equipment outstanding (6-30-11)	25-50 basis points (bp) higher than GO	Student services building. Parking garage construction.
63-20 Financing (legislatively authorized) \$360.7 million outstanding (6-30-11)	25-100 bp higher than GO	Tumwater Office Building and Wheeler Block.

Outstanding General Obligation Bonds by Fiscal Year

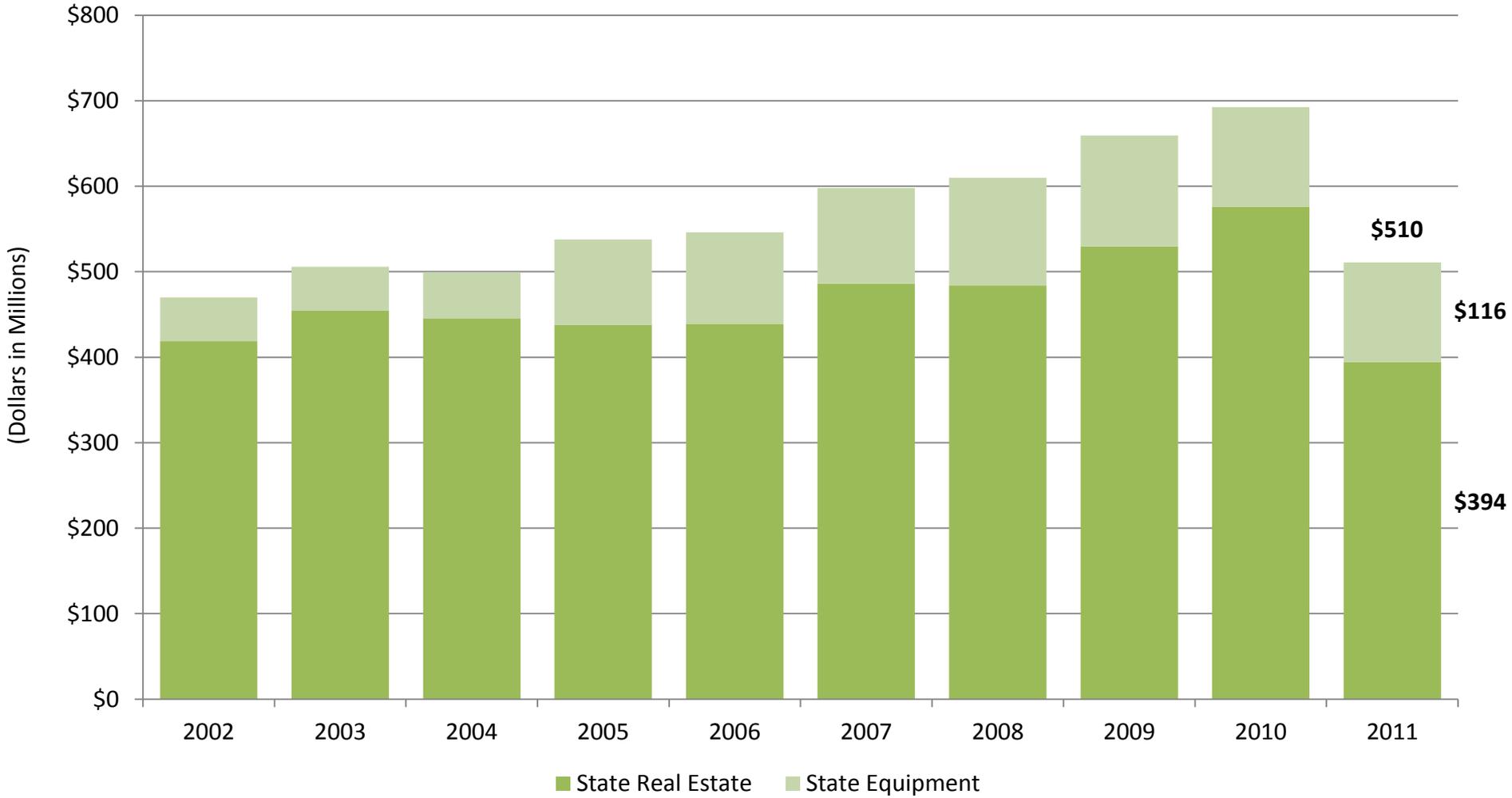
As of 6/30/2011



Source: Office of the State Treasurer, August 30, 2011.

Outstanding Certificates of Participation by Fiscal Year for State Agencies

As of June 30, 2011



Source: Office of the State Treasurer, August 30, 2011.

Constitutional Debt Limit

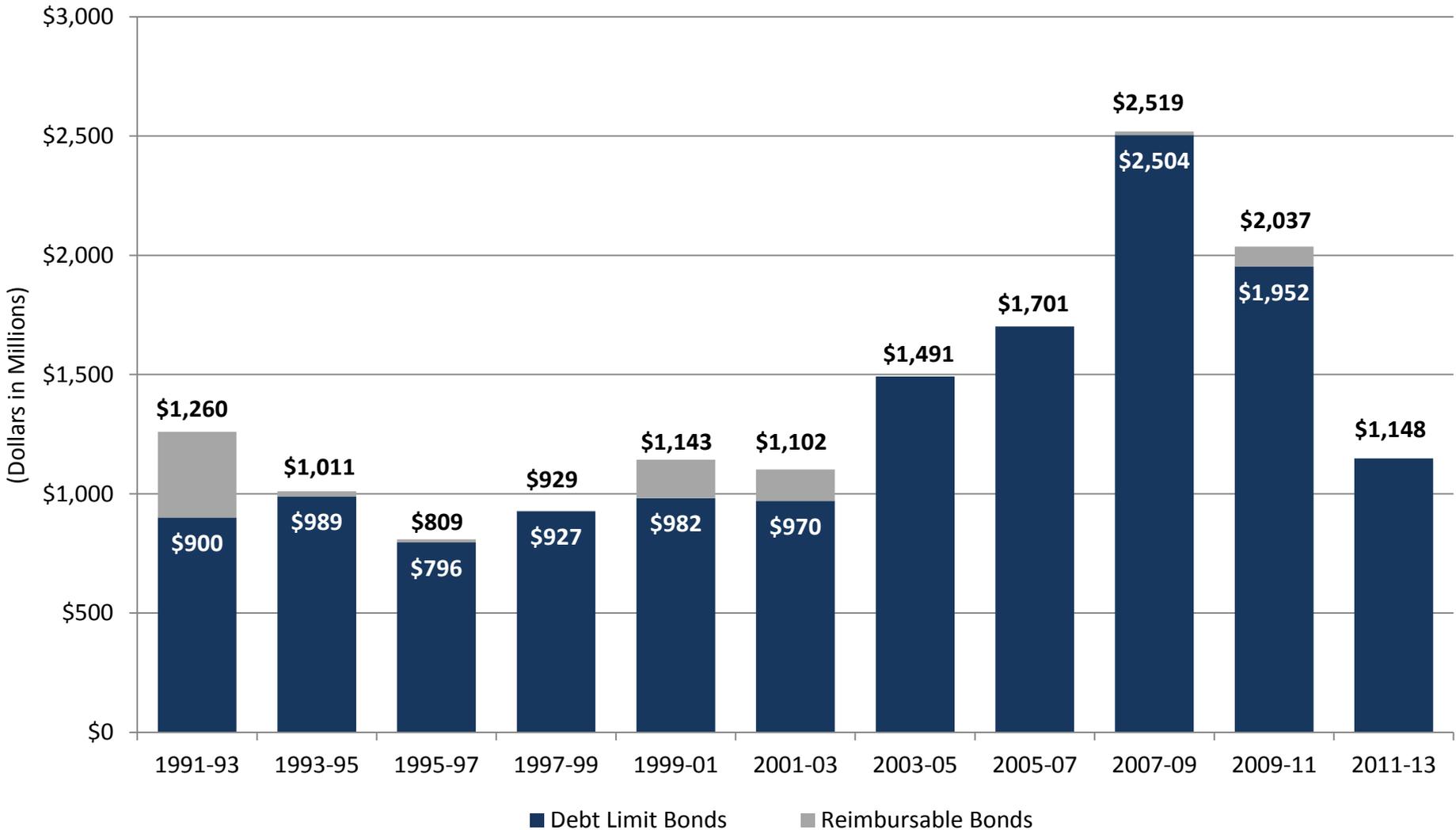
- 9% debt limit (Article 8, Section 1) adopted by voters in 1972 replaced a fixed debt limit of \$400,000.
- The state debt limit expands and contracts with state general revenues, and consequently, with the growth or contraction of Washington's economy.
- Principal and interest payments in any year may NOT exceed 9% of average of prior three years general state revenues.
- An unofficial working debt limit has been used to maintain a cushion below the 9% constitutional limit since the 2003-05 biennium.
- SSB 5181 (2011) established a working debt limit in statute.

Constitutional Debt Limit

Article 8 of the Washington State Constitution excludes some types of debt from the debt limit calculation, most notably:

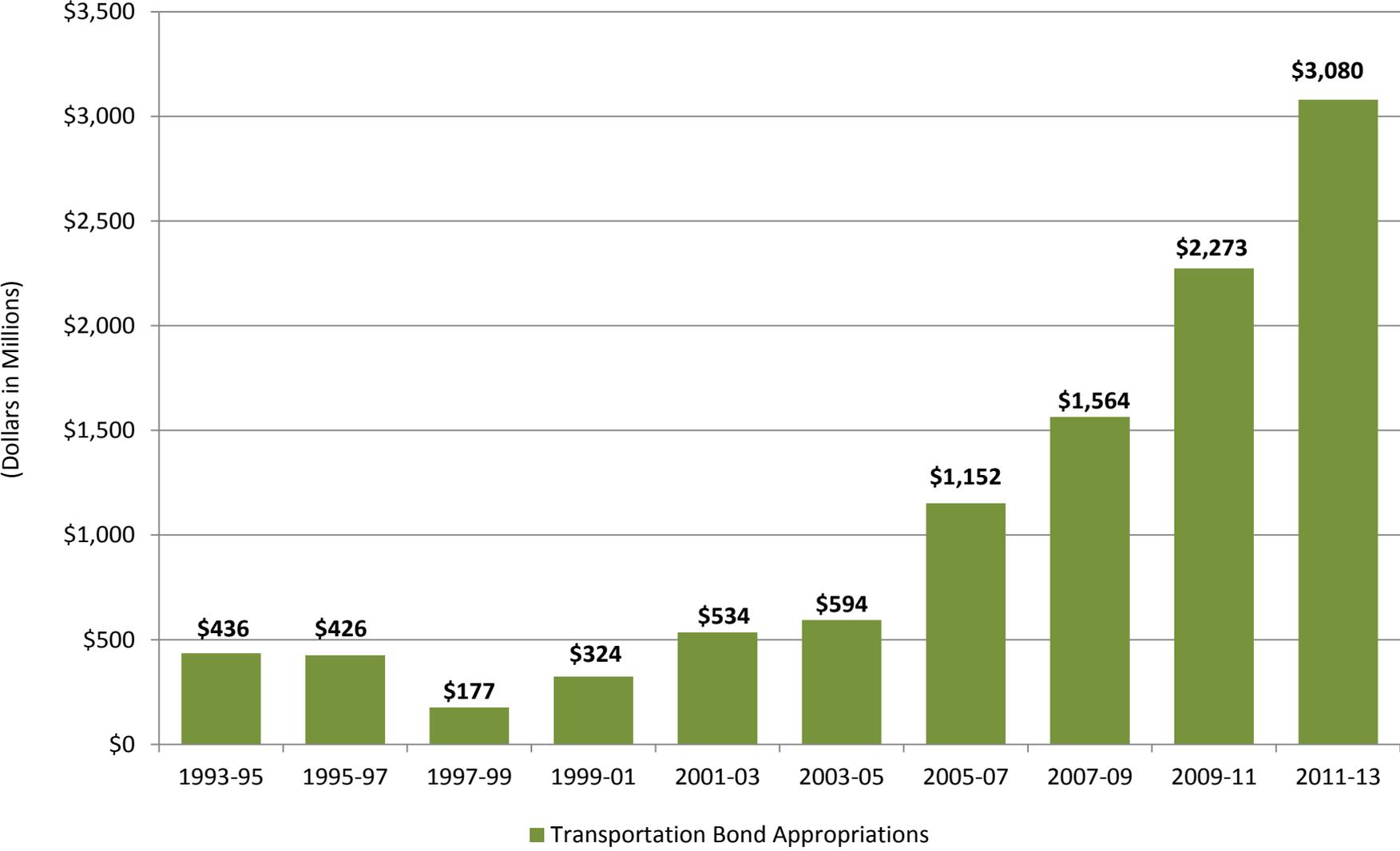
- Bonds payable from the gas tax and motor vehicle license fees;
- Voter-approved bonds;
- Bonds payable from income received from the investment of the Permanent Common School Fund;
- Debt issued to meet temporary deficiencies in the State Treasury;
- Debt payable solely from revenues of particular public improvement (Revenue debt); and
- State guarantee of voter-approved GO debt of school districts.

State General Obligation Bonds Capital Budget Appropriation History



Source: Legislative Evaluation & Accountability Program (LEAP) Committee.

Transportation Appropriation History



Source: Legislative Evaluation & Accountability Program (LEAP) Committee.