

# **Infrastructure & Public Depository Task Force**

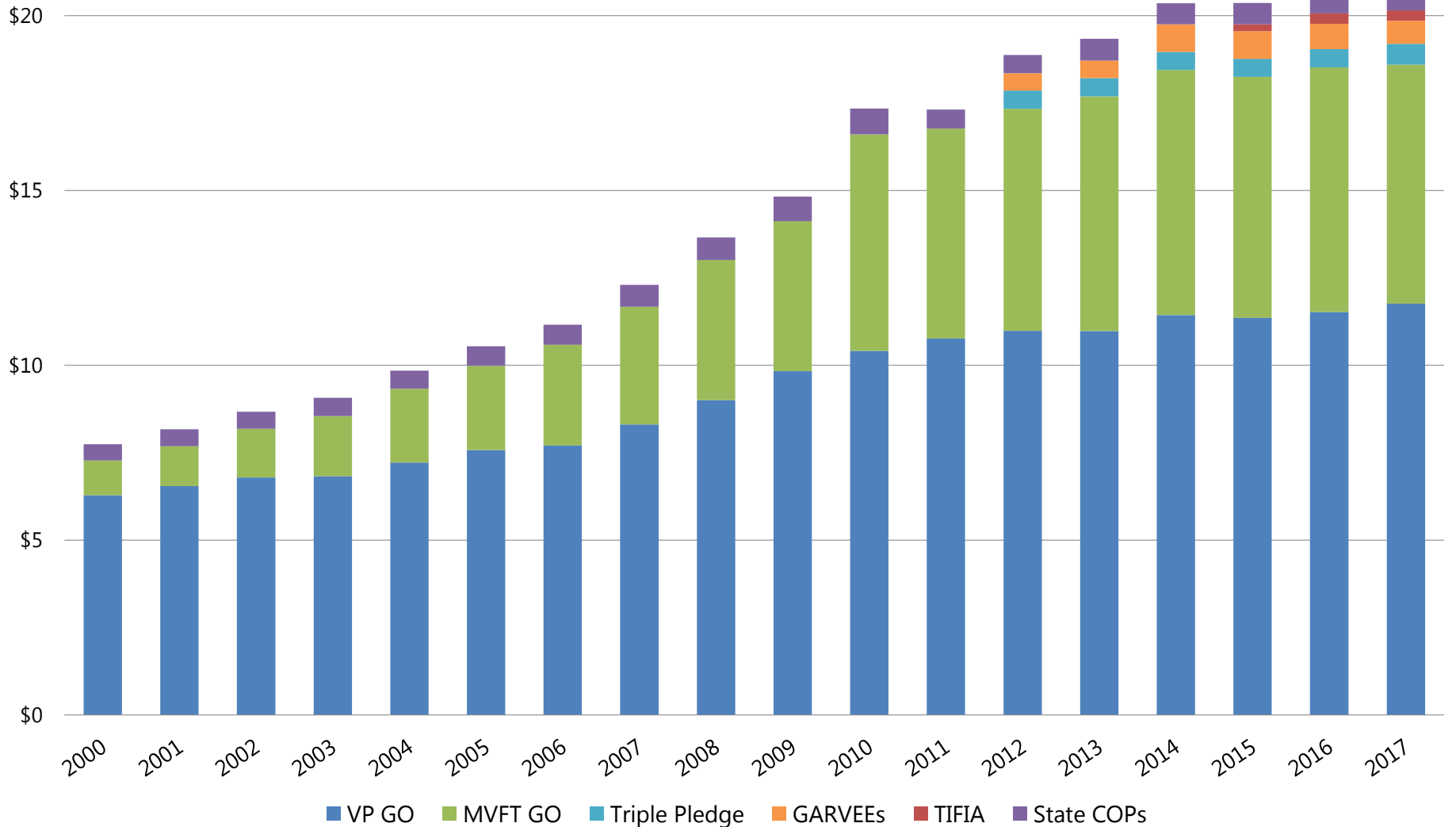
October 20, 2017

Office of the State Treasurer  
Office of Program Research

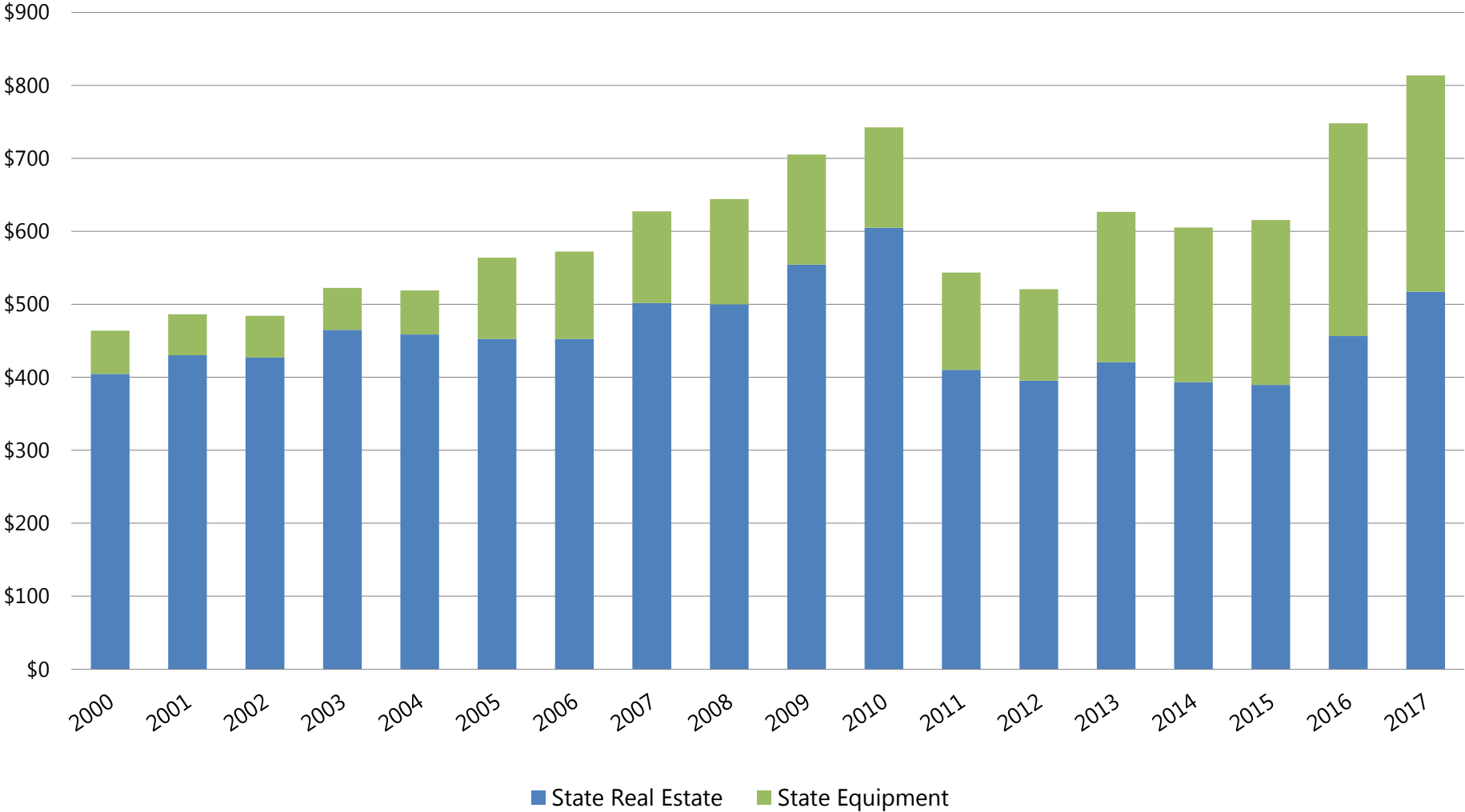
# State Debt Obligations

<b>Subject to the Constitutional Debt Limit</b>		
Types of Debt Obligations	Cost	Examples
<b>Various Purpose State General Obligation (GO) Bonds</b> \$11.7 billion outstanding (10-11-17)	3.33 % (10-11-17)	Renovation of K-12 school facilities. Prison construction. Higher Ed building preservation.
<b>Other Debt Obligations Not Subject to the Constitutional Debt Limit</b>		
<b>MVFT/GO Bonds</b> \$6.7 billion outstanding (10-11-17)	3.33 % (10-11-17)	Highway projects.
<b>Certificates of Participation (COP) - State</b> \$494.8 million real estate outstanding \$271 million equipment outstanding (10-11-17)	15-50 basis points (bp) higher than GO	Student services building. Parking garage construction.
<b>63-20 Financing (legislatively authorized)</b> \$312.4 million outstanding (10-11-17)	25-100 bp higher than GO	Tumwater Office Building and Wheeler Block.

# Outstanding Bonds and COPs FY 2000-2017 (\$ billions)



# Outstanding COPs FY 2000-2017 (\$millions)



Source: Office of the State Treasurer, October 17, 2017

# Constitutional Debt Limit

- 8¼% debt limit through June 30, 2034, and 8% thereafter. These percentages are labeled the “applicable percentage limits” in Article 8, Section 1.
- The state’s aggregate debt cannot exceed an amount for which annual principal and interest payments would exceed the applicable percentage limit of average “general state revenues” during the previous six years.
- General state revenues exclude, among other things, toll revenues and other project revenues; federal grants and private gifts; money paid in and out of state retirement funds; and taxes levied for specific purposes and legally required to be deposited into funds or accounts other than the general fund.
- The state debt limit gradually expands and contracts with general state revenues, and consequently, with the growth or contraction of Washington’s economy.

# Constitutional Debt Limit

Article 8 of the Washington State Constitution excludes some types of obligations from the debt limit, 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;
- Obligations payable solely from revenues of particular public improvement (e.g., revenue bonds); and
- State guarantee of voter-approved GO debt of school districts.