



HJR 52

House Joint Resolution

Proposed Constitutional Amendment

NOTE: New special toll-free telephone service offered to voters requesting in-depth information on state measures. See page 5 for details.

Changing Constitutional Debt Limitation Formula

Shall the present \$400,000 limitation upon certain state debts incurred without voter approval be replaced with a limitation allowing those debts covered by the amendment only if—

(1) their aggregate amount will not require annual principal and interest payments to exceed 9% of the average amount of general state revenues for the three immediately preceding fiscal years; and

(2) the laws authorizing such debts are approved by a three-fifths majority of both houses of the legislature?

Vote cast by members of the 1971 Legislature on final passage:

HOUSE: (99 members) Yeas, 98; Nays, 0; Absent or not voting, 1.

SENATE: (49 members) Yeas, 44; Nays, 3; Absent or not voting, 2.

Statement for

This proposed limitation on State indebtedness was prepared by a state-wide committee appointed by the State Finance Committee—the Governor, Lieutenant Governor and Treasurer. The goals of the committee were to reduce the interest costs of future bonding and to restrict the legislature's ability to incur State debt without the approval of the voters.

The Existing Limitation Does Not Require Voter Approval

The present \$400,000 constitutional debt ceiling, established in 1889, has been virtually meaningless since 1949 when the Supreme Court ruled that state bonds, repaid by **excise** taxes, were not "state debt." Although the Court reversed this decision in 1963, the voters approved, in 1968, a constitutional amendment permitting the legislature, through the State Building Authority, to incur an unlimited amount of general purpose debt without voter approval.

GENERAL STATE DEBT AUTHORIZED 1949-1972

	<i>Legislatively Approved</i>	
1949-1964	\$371.5 Million	
1965-1969	—	
1970-1972	70.0 Million	
Total	\$441.5 Million	
<i>Voter Approved</i>		<i>Total</i>
\$ 99.6 Million		\$471.1 Million
184.7 Million		184.7 Million
—		70.0 Million
\$284.3 Million		\$725.8 Million

It is obvious that the present \$400,000 limit has not been effective.

Total Annual Principal and Interest Cannot Exceed 9% of Tax Receipts

The new limitation restricts the amount of debt which the legislature may authorize, without referring to the voters, to a specific proportion of the cash flow from general taxes. Annual debt service (principal and interest) for all existing and new general purpose bonds, so authorized by the legislature, cannot exceed 9% of the average of all general taxes received by the State during each of the three preceding years.

60% Majority of Legislature Must Approve Bonds

All bonds not referred to the voters must be approved by a 60% majority of the elected members of each house of the legislature.

Taxpayers Will Save \$50 Million

Future bonds may be backed by the full faith and credit of the State, thereby permitting lower interest rates. The Committee estimates that state taxpayers will save approximately \$50 million in interest costs on future bonds.

Committee appointed to compose statement **FOR** House Joint Resolution No. 52.

FRANCIS E. HOLMAN, State Senator; A. J. PARDINI, State Representative; CHARLES T. DONWORTH, Judge, State Supreme Court (Retired).

The Law as it now exists:

Article VIII, § 1 of the state constitution now limits general state indebtedness to an aggregate sum of \$400,000. There are, however, numerous exceptions to this limitation, including debts payable only out of certain funds, revenue obligations, debts incurred to suppress insurrection, or to defend the state in war, and debts incurred with the approval of the voters.

In addition, pursuant to a constitutional amendment adopted in 1968, an agency known as the state building authority is permitted, without voter approval, to issue bonds without limitation as to amount for the purpose of buying land and/or constructing buildings or other improvements for the state, its agencies, or departments. Such bonds are paid from the operating revenues of the building authority.

In all cases under the present debt limitation provisions where debts may be incurred by an act of the legislature without voter approval, this act need only be passed by a simple majority of both houses of the legislature.

Effect of HJR No. 52 if approved into Law:

This proposed constitutional amendment would not affect the authority of the legislature to provide for debts to suppress insurrection or to defend the state in war by a simple majority vote without submitting the proposition to the voters for their approval. It would, however, replace the existing \$400,000 state constitutional debt limitation covering other general obligations incurred without voter approval with a new provision. This new provision would allow the legislature to authorize such indebtedness as would be governed by the amendment only by a three-fifths majority vote in both houses. In addition, such indebtedness could only be authorized by the legislature to the extent that the aggregate of all such debts (exclusive of certain limited obligation, debts to pay current expenses, and refunding obligations) would not require annual debt service payment (i.e., principal and interest) to exceed nine percent of the average amount of general state revenues for the period of three fiscal years immediately preceding the contracting of the particular debt. In addition, the amendment would have the effect of barring the state building authority from incurring any further debts by prohibiting any state funds in the custody of the state treasurer from being disbursed with respect to any such future building authority debt.

NOTE: Ballot title and the above explanatory comment were written by the Attorney General as required by state law. Complete text of House Joint Resolution No. 52 starts on Page 105.

Statement against

Before any constitutional amendment can be submitted to the voters for decision, our state constitution requires that the proposal must first be approved by at least two-thirds of the members of each branch of the state legislature.

House Joint Resolution No. 52 was so approved by the 1971 Legislature and no member could be enlisted to write a statement against the measure for publication in this pamphlet.

approved by sixty percent of the voters be changed so the election authorizing the levy will be valid either—

(1) if (as now) the total of all votes cast on the proposition is at least forty percent of the number cast at the taxing district's last general election; or

(2) if the total of "yes" votes is at least three-fifths of forty percent of that number of votes?

BE IT RESOLVED, By the Senate and the House of Representatives of the State of Washington, in Legislative Session Assembled:

THAT, At the next general election to be held in this state there shall be submitted to the qualified voters of the state for their approval and ratification, or rejection, an amendment to Article VII of the Constitution of the state of Washington by amending section 2 (Amendment 17) thereof to read as follows:

Article VII, section 2. Except as hereinafter provided and notwithstanding any other provision of this Constitution, the aggregate of all tax levies upon real and personal property by the state and all taxing districts now existing or hereafter created, shall not in any year exceed forty mills on the dollar of assessed valuation, which assessed valuation shall be fifty per centum of the true and fair value of such property in money: PROVIDED, HOWEVER, That nothing herein shall prevent levies at the rates now provided by law by or for any port or public utility district. The term "taxing district" for the purposes of this section shall mean any political subdivision, municipal corporation, district, or other governmental agency authorized by law to levy, or have levied for it, ad valorem taxes on property, other than a port or public utility district. Such aggregate limitation or any specific limitation imposed by law in conformity therewith may be exceeded only

(a) By any taxing district when specifically authorized so to do by a majority of at least three-fifths of the electors thereof voting on the proposition to levy such additional tax submitted not more than twelve months prior to the date on which the proposed levy is to be made and not oftener than twice in such twelve month period, either at a special election or at the regular election of such taxing district, at which election the number of persons voting ~~((on the proposition shall constitute not less than forty per centum of the total number of votes cast in such taxing district at the last preceding general election))~~ "yes" on the proposition shall constitute three-fifths of a number equal to forty per centum of the total votes cast in such taxing district at the last preceding general election when the number of electors voting on the proposition does not exceed forty per centum of the total votes cast in such taxing district in the last preceding general election; or by a majority of at least three-fifths of the electors thereof voting on the proposition to levy when the number of electors voting on the proposition exceeds forty per centum of the total votes cast in such taxing district in the last preceding general election;

(b) By any taxing district otherwise authorized by law to issue general obligation bonds for capital purposes, for the sole purpose of making the required payments of principal and interest on general obligation bonds issued solely for capital purposes, other than the replacement of equipment, when authorized so to do by a majority of at least three-fifths of the electors thereof voting on the proposition to issue such bonds and to pay the principal and interest thereon by an annual tax levy in excess of the limitation herein provided during the term of such bonds, submitted not oftener than twice in any calendar year, at an election held in the manner provided by law for bond elections in such taxing district, at which election the total number of persons voting on the proposition shall constitute not less than forty per centum of the total number of votes cast in such taxing district at the last preceding general election: PROVIDED, That any such taxing district shall have the right by vote of its governing body to refund any general obligation bonds of said district issued for capital

purposes only, and to provide for the interest thereon and amortization thereof by annual levies in excess of the tax limitation provided for herein, AND PROVIDED FURTHER, That the provisions of this section shall also be subject to the limitations contained in Article VIII, Section 6, of this Constitution;

(c) By the state or any taxing district for the purpose of paying the principal or interest on general obligation bonds outstanding on December 6, 1934; or for the purpose of preventing the impairment of the obligation of a contract when ordered so to do by a court of last resort.

BE IT FURTHER RESOLVED, That the foregoing amendment shall be submitted to the qualified electors of the state in such a manner that they may vote for or against it separately from the proposed amendment to Article VII, section 2, (Amendment 17) of the Constitution of the State of Washington contained in Senate Joint Resolution No. 1: PROVIDED, That if both proposed amendments are approved and ratified, both shall become part of the Constitution.

BE IT FURTHER RESOLVED, That the secretary of state shall cause notice of the foregoing constitutional amendment to be published at least four times during the four weeks next preceding the election in every legal newspaper in the state.

Passed the House May 1, 1971.
THOMAS A. SWAYZE, JR.,
Speaker of the House.

Passed the Senate May 10, 1971.
JOHN A. CHERBERG,
President of the Senate.

EXPLANATORY COMMENT

All words in double parentheses and lined through are in our State Constitution at the present and are being taken out by this amendment. All words underscored do not appear in the State Constitution as it is now written but will be put in if this amendment is adopted.

COMPLETE TEXT OF

House Joint Resolution

52

Proposed Constitutional Amendment

Ballot Title as issued by the Attorney General:

Changing Constitutional Debt Limitation Formula

Shall the present \$400,000 limitation upon certain state debts incurred without voter approval be replaced with a limitation allowing those debts covered by the amendment only if—

(1) their aggregate amount will not require annual principal and interest payments to exceed 9% of the average amount of general state revenues for the three immediately preceding fiscal years; and

(2) the laws authorizing such debts are approved by a three-fifths majority of both houses of the legislature?

BE IT RESOLVED, By the Senate and House of Representatives of the State of Washington in Legislative Session Assembled:

THAT, At the next general election to be held in this state there shall be submitted to the qualified voters of the state for their approval and ratification, or rejection, an amendment to Article VIII, section 1, and Article VIII, section 3 (Amendment 48), of the Constitution of the State of Washington, by amending said sections to read as follows:

Article VIII, section 1. (a) The state may ~~((to meet casual deficits or failure in revenues, or for expenses not provided for, contract debts, but such debts, direct and contingent, singly or in the aggregate, shall not at any time exceed four~~

~~hundred thousand dollars (\$400,000), and the moneys arising from the loans creating such debts shall be applied to the purpose for which they were obtained or to repay the debts so contracted, and to no other purpose whatever.)~~ contract debt, the principal of which shall be paid and discharged within thirty years from the time of contracting thereof, in the manner set forth herein.

(b) The aggregate debt contracted by the state shall not exceed that amount for which payments of principal and interest in any fiscal year would require the state to expend more than nine percent of the arithmetic mean of its general state revenues for the three immediately preceding fiscal years as certified by the treasurer. The term "fiscal year" means that period of time commencing July 1 of any year and ending on June 30 of the following year.

(c) The term "general state revenues" when used in this section, shall include all state money received in the treasury from each and every source whatsoever except: (1) Fees and revenues derived from the ownership or operation of any undertaking, facility, or project; (2) Moneys received as gifts, grants, donations, aid, or assistance or otherwise from the United States or any department, bureau, or corporation thereof, or any person, firm, or corporation, public or private, when the terms and conditions of such gift, grant, donation, aid, or assistance require the application and disbursement of such moneys otherwise than for the general purposes of the state of Washington; (3) Moneys to be paid into and received from retirement system funds, and performance bonds and deposits; (4) Moneys to be paid into and received from trust funds including but not limited to moneys received from taxes levied for specific purposes and the several permanent and irreducible funds of the state and the moneys derived therefrom but excluding bond redemption funds; (5) Proceeds received from the sale of bonds or other evidences of indebtedness.

(d) In computing the amount required for payment of principal and interest on outstanding debt under this section, debt shall be construed to mean borrowed money represented by bonds, notes, or other evidences of indebtedness which are secured by the full faith and credit of the state or are required to be repaid, directly or indirectly, from general state revenues and which are incurred by the state, any department, authority, public corporation, or quasi public corporation of the state, any state university or college, or any other public agency created by the state but not by counties, cities, towns, school districts, or other municipal corporations, but shall not include obligations for the payment of current expenses of state government, nor shall it include debt hereafter incurred pursuant to section 3 of this article, obligations guaranteed as provided for in subsection (f) of this section, principal of bond anticipation notes or obligations issued to fund or refund the indebtedness of the Washington state building authority.

(e) The state may, without limitation, fund or refund, at or prior to maturity, the whole or any part of any existing debt or of any debt hereafter contracted pursuant to section 1, section 2, or section 3 of this article, including any premium payable with respect thereto and interest thereon, or fund or refund, at or prior to maturity, the whole or any part of any indebtedness incurred or authorized prior to the effective date of this amendment by any entity of the type described in subsection (g) of this section, including any premium payable with respect thereto and any interest thereon. Such funding or refunding shall not be deemed to be contracting debt by the state.

(f) Notwithstanding the limitation contained in subsection (b) of this section, the state may pledge its full faith, credit, and taxing power to guarantee the payment of any obligation payable from revenues received from any of the following sources: (1) Fees collected by the state as license fees for motor vehicles; (2) Excise taxes collected by the state on the sale, distribution or use of motor vehicle fuel; and (3) Interest

on the permanent common school fund: PROVIDED, That the legislature shall, at all times, provide sufficient revenues from such sources to pay the principal and interest due on all obligations for which said source of revenue is pledged.

(g) No money shall be paid from funds in custody of the treasurer with respect to any debt contracted after the effective date of this amendment by the Washington state building authority, the capitol committee, or any similar entity existing or operating for similar purposes pursuant to which such entity undertakes to finance or provide a facility for use or occupancy by the state or any agency, department, or instrumentality thereof.

(h) The legislature shall prescribe all matters relating to the contracting, funding or refunding of debt pursuant to this section, including: The purposes for which debt may be contracted; by a favorable vote of three-fifths of the members elected to each house, the amount of debt which may be contracted for any class of such purposes; the kinds of notes, bonds, or other evidences of debt which may be issued by the state; and the manner by which the treasurer shall determine and advise the legislature, any appropriate agency, officer, or instrumentality of the state as to the available debt capacity within the limitation set forth in this section. The legislature may delegate to any state officer, agency, or instrumentality any of its powers relating to the contracting, funding or refunding of debt pursuant to this section except its power to determine the amount and purposes for which debt may be contracted.

(i) The full faith, credit, and taxing power of the state of Washington are pledged to the payment of the debt created on behalf of the state pursuant to this section and the legislature shall provide by appropriation for the payment of the interest upon and installments of principal of all such debt as the same falls due, but in any event, any court of record may compel such payment.

(j) Notwithstanding the limitations contained in subsection (b) of this section, the state may issue certificates of indebtedness in such sum or sums as may be necessary to meet temporary deficiencies of the treasury, to preserve the best interests of the state in the conduct of the various state institutions, departments, bureaus, and agencies during each fiscal year; such certificates may be issued only to provide for appropriations already made by the legislature and such certificates must be retired and the debt discharged other than by refunding within twelve months after the date of incurrence.

(k) Bonds, notes, or other obligations issued and sold by the state of Washington pursuant to and in conformity with this article shall not be invalid for any irregularity or defect in the proceedings of the issuance or sale thereof and shall be incontestable in the hands of a bona fide purchaser or holder thereof.

Article VIII, section 3. Except the debt specified in sections one and two of this article, no debts shall hereafter be contracted by, or on behalf of this state, unless such debt shall be authorized by law for some single work or object to be distinctly specified therein (~~which law shall provide ways and means, exclusive of loans, for the payment of the interest on such debt as it falls due, and also to pay and discharge the principal of such debt within twenty years from the time of the contracting thereof~~). No such law shall take effect until it shall, at a general election, or a special election called for that purpose, have been submitted to the people and have received a majority of all the votes cast for and against it at such election (~~and all moneys raised by authority of such law shall be applied only to the specific object therein stated, or to the payment of the debt thereby created, and notice that such law will be submitted to the people shall be published at least four times during the four weeks next preceding the election in every legal newspaper in the state: PROVIDED, That failure of any newspaper to publish this notice shall not be interpreted as affecting the outcome of the election~~).

BE IT FURTHER RESOLVED, That the foregoing amendment

constitutes a single integrated plan for the balanced revision of the debt structure of the state government and shall be construed as a single amendment within the meaning of Article XXIII, section one (Amendment 37) of this Constitution.

AND BE IT FURTHER RESOLVED, That the secretary of state shall cause notice of the foregoing constitutional amendment to be published at least four times during the four weeks next preceding the election in every legal newspaper in the state.

Passed the House March 25, 1971.
THOMAS A. SWAYZE, JR.,
Speaker of the House.

Passed the Senate May 8, 1971.
JOHN A. CHERBERG,
President of the Senate.

EXPLANATORY COMMENT

All words in double parentheses and lined through are in our State Constitution at the present and are being taken out by this amendment. All words underscored do not appear in the State Constitution as it is now written but will be put in if this amendment is adopted.

COMPLETE TEXT OF

House Joint Resolution

61

Proposed Constitutional Amendment

Ballot Title as issued by the Attorney General:

Sex Equality—Rights and Responsibilities

Shall a new article be added to the state constitution to provide that equality of rights and responsibilities under the law shall not be denied or abridged on account of sex, and to authorize the legislature to enforce this provision by the enactment of appropriate legislation?

BE IT RESOLVED, *By the Senate and House of Representatives of the State of Washington in Legislative Session Assembled:*

THAT, At the next general election to be held in this state there shall be submitted to the qualified voters of the state for their approval and ratification, or rejection, an amendment to the Constitution of the state of Washington by adding a new Article, to read as follows:

Article

Section 1. Equality of rights and responsibility under the law shall not be denied or abridged on account of sex.

Section 2. The Legislature shall have the power to enforce, by appropriate legislation, the provisions of this article.

BE IT FURTHER RESOLVED, That the secretary of state shall cause notice of the foregoing Constitutional amendment to be published at least four times during the four weeks next preceding the election in every legal newspaper in the state.

Passed the House.
THOMAS A. SWAYZE, JR.,
Speaker of the House.

Passed the Senate
JOHN A. CHERBERG,
President of the Senate.