

**Debt Administration**

**State Finance Committee**

The Debt Management Section of the Office of the State Treasurer provides staff support to the State Finance Committee. The committee is composed of the Governor, Lieutenant Governor, and State Treasurer, the latter being designated by law as chairman. By statutory provision, the committee is delegated authority to supervise and control the issuance of all state bonds.

**Bond Program**

During fiscal year 2008, the State Finance Committee sold \$1.891 billion in new money general obligation and motor vehicle fuel tax general obligation bonds. Outstanding general long-term bonded debt as of June 30, 2008 totaled \$13.007 billion, an increase of 11.43 percent over June 30, 2007. Bonds were issued for various capital and transportation projects.

For fiscal year 2008, the rates for the \$154.6 million outstanding in adjustable rate general obligation bonds have varied between 0.90 percent and 3.85 percent, with an average rate of 2.709 percent for the fiscal year. As of June 30, 2008, the outstanding balance for the adjustable rate general obligation bonds was \$147.2 million.

General obligation debt is subject to constitutional and statutory limitation as prescribed by the Washington State Constitution and the Revised Code of Washington. For the fiscal year that ended June 30, 2008, the maximum debt authorization subject to limitation was \$10.133 billion. This does not include motor vehicle fuel tax debt or certain reimbursable debt exempt from the statutory debt limit.

The ratio of general long-term debt to market value and the amount of bonded debt per capita are useful indicators of the state’s debt position. These ratios as of June 30, 2008 are as follows:

	Amount (Millions)	Ratio of Debt to Market Value Taxable Property	Debt per Capita
General Long-Term Bonded Debt (excluding accreted interest)	\$13,007	1.54%	\$1,971

**Lease Purchase Program**

The Office of the State Treasurer continued its administration of the state Lease-Purchase Program that enables state agencies to realize substantial savings by financing the acquisition of real and personal property at low tax-exempt interest rates.

In September 1998, the Lease-Purchase program was extended to enable local governments to participate. The Local Option Capital Asset Lending Program (LOCAL) allows local participants to pool their financing needs with state agencies providing economies of scale, a rating of Aa2 from Moody’s, and standardized documentation. LOCAL has financed 441 equipment transactions totaling over \$91 million and 51 real estate transactions for \$45 million on behalf of more than 282 local governments.

As of June 30 there were \$688.4 million in outstanding certificates of participation. Underlying this amount were financing contracts in the amounts of \$609 million for 42 state agencies and \$77.7 million for 185 local governments for a total of \$686.9 million. The balance also represents \$1.5 million amortized costs of issuance and \$38 million collected June 1 for transfer to the fiscal agent on July 1.

**School Bond Guarantee Program**

During the 1999 legislative session, the Washington State Legislature passed Senate Joint Resolution 8206, effectively creating a Washington State school district credit enhancement program. The program’s purpose is to provide savings to state taxpayers by pledging the full faith and credit of the state of Washington, to the payment of voter-approved school district general obligation bonds.

Since its implementation in 2000 the program has been widely used by school districts. As of FY 2008 bonds totaling nearly \$9 billion have been issued by 199 school districts under the program, with \$7.3 billion outstanding.