



ISSUE BRIEF

Capital Budget Overview

Key facts

- The Capital Budget spends resources obtained through general obligation bond sales, cash accounts, and federal funds.
- The bond authorization bill requires a 60% or 59 vote majority to pass; a threshold required by the Constitution.
- Appropriations in the capital budget must be tangible in nature with a long lifespan, such as buildings, parks, and habitat. Vehicles are not an allowable expense.

Background

The biennial capital budget makes appropriations for projects tangible in nature that have a long useable life, such as schools and other public buildings, parks, low-income housing, water infrastructure, and habitat restoration. It is funded through a variety of fund sources, including general obligation bonds (a type of municipal bond backed by the credit and taxing power of the state or local government), dedicated cash accounts, federal funds, and alternative financing contracts.

In determining bond capacity to spend, a calculation is made through a model that takes into account general state revenues averaged over the preceding three biennia, existing bonds/debt, principal and interest payments, and future economic growth, and interest rates. The State Treasurer cannot issue bonds that would cause the debt service on existing and new bonds to exceed the constitutional debt limit of 8.25 percent.

The capital budget is released and enacted as two separate bills: the budget bill and the bond authorization. The budget bill spends the money the bond authorization bill authorizes. Bond authorizations require a 60% (59 vote) majority vote to pass, whereas the budget bill, since it does not authorize bonds, only requires a simple majority vote to pass. It is unlikely that a member voting in the affirmative for the budget bill will decide to vote "nay" on the bond authorization bill.

The governor is required to produce and propose a capital budget within existing resources, also called the "Book 1" budget. This budget does not take into account any revenue proposals or policy changes that would result in a change to expected or forecasted resources. Though he is not required to, he also produces a "new law" or "Book 2" budget, which includes potential new revenue from proposals that will be offered during the session.

What to expect in the 2021 session

From the governor, expect to see high levels of spending in certain areas:

- Housing Trust Fund
- Washington Wildlife & Recreation Program (WWRP)
- Salmon and orca recovery through hatcheries and culverts.

Additional information

- Budget documents, summaries, and lists are produced by the Legislative Evaluation and Accountability Program (LEAP), and can be found at its website: <http://leap.leg.wa.gov/>
- Governor proposals, past and present, are located at <https://www.governor.wa.gov/issues/issues/budget>

Past Capital Budget spending

2019-21 Biennium

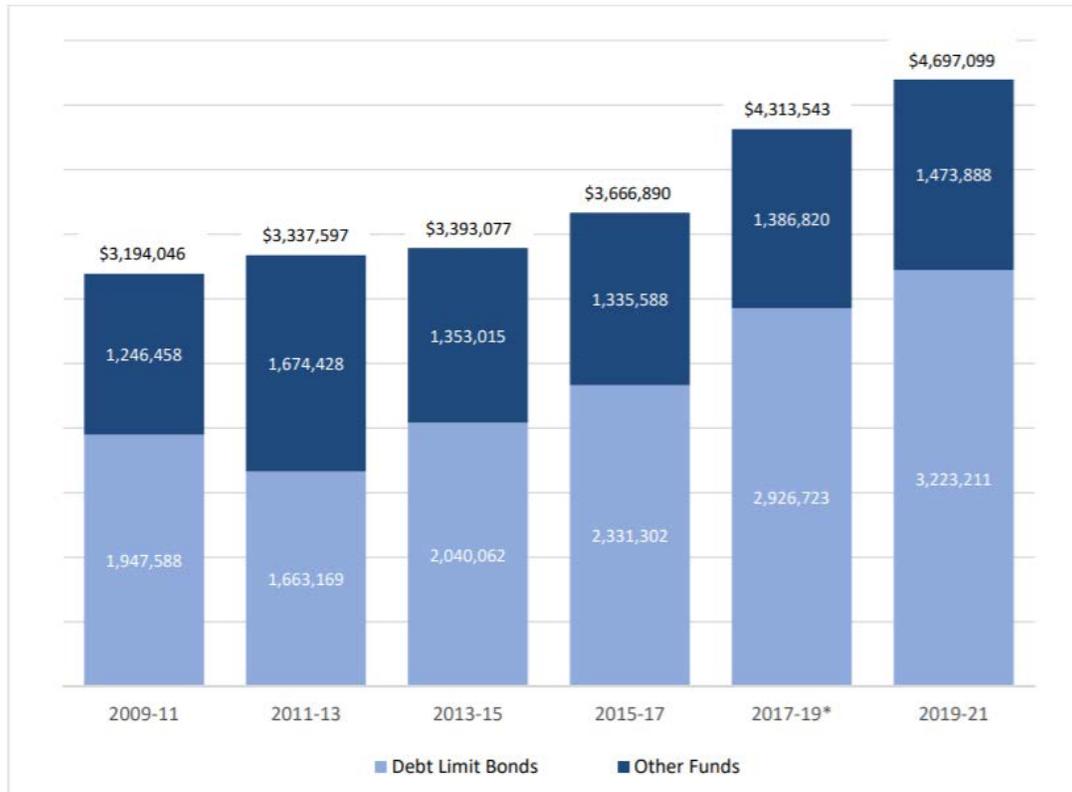


<http://leap.leg.wa.gov/leap/Budget/lbns/2019LBN.pdf>

Total Appropriations in the Capital Budget

12-Year History

(Dollars in Thousands)



<http://leap.leg.wa.gov/leap/Budget/lbns/2019LBN.pdf>