DEBT IN WASHINGTON: USES, AMOUNTS AND MARKETS

Office of the Washington State Treasurer
February, 2013
Washington Borrows to Pay for Capital and Transportation Projects – Not for Operating Purposes
GO Bonds, GARVEES, and COPs Issued 1990-2013

*In 2010, the state accelerated FY 2011 MVFT/GO issuance as part of the subsidized federal Build America Bond program.
**Estimate.
Source: Office of the State Treasurer
MVFT/GO Debt Grew Much Faster than VPGO Debt

to Implement the 2003 and 2005 Legislative Revenue Packages and Plans

General Obligation Bonds Outstanding 1990-2013

*Estimate.

Source: Office of the State Treasurer

*Estimate.

Source: Office of the State Treasurer
# Debt Metrics: A Comparison to National Medians

**Moody’s (based on 2011 data)**

<table>
<thead>
<tr>
<th>Debt Metric</th>
<th>Washington</th>
<th>Median of States</th>
<th>WA Rank Compared to Other States</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Tax-Supported Debt</strong></td>
<td>$17,677,697,000</td>
<td>$4,242,808,000</td>
<td>8th</td>
</tr>
<tr>
<td><strong>Net Tax-Supported Debt Per Capita</strong></td>
<td>$2,588</td>
<td>$1,117</td>
<td>7th</td>
</tr>
<tr>
<td><strong>Net Tax-Supported Debt as % of Personal Income</strong></td>
<td></td>
<td></td>
<td>10th</td>
</tr>
<tr>
<td>Washington</td>
<td>6.00%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Median of States</td>
<td>2.80%</td>
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<tr>
<td>WA Rank Compared to Other States</td>
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<tr>
<td><strong>Net Tax-Supported Debt as % of GSP</strong></td>
<td></td>
<td></td>
<td>8th</td>
</tr>
<tr>
<td>Washington</td>
<td>5.19%</td>
<td></td>
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</tr>
<tr>
<td>Median of States</td>
<td>2.40%</td>
<td></td>
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<td>WA Rank Compared to Other States</td>
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</tbody>
</table>

Up until November 2012, the debt limit was 9 percent of general state revenue, with:

- A three-year moving average;
- General state revenue includes most taxes (sales tax, B&O) but excludes the state property tax

Passage of SJR8221 created a new 8 percent limit, with:

- A six-year moving average;
- General state revenue to include the state property tax
VPGO Debt Service: Biennial Totals and as Percent of General Fund-State Revenues 1991-93 to 2011-13

Debt Service Payments

Debt Service as % of GF-S Revenues

*Budgeted.

Source: Office of Financial Management
The constitution also limits MVFT/GO bond capacity…

- Article VIII(1)(g) “…the state may pledge its full faith, credit and taxing power to guarantee the payment of any obligation payable from revenues received…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 such source of revenue is pledged.”
Motor Vehicle Fuel Tax Revenue: Actual and Forecasted

[Dollars in Millions]

Source: CAFR, Transportation Revenue Forecast Council
Looking forward…

- To protect the state’s ability to issue VPGO and MVFT/GO bonds, the state has begun to issue a limited number of revenue bonds, not backed by the state’s full faith and credit
  - Triple pledge bonds as a transition to revenue bonds
  - GARVEE bonds
  - 2014 toll revenue bonds