



Limitations on Municipal Debt

I. Constitutional Limitations – Article VIII, Section 6

- a. Non-voted (councilmanic) debt: not > 1.5% of assessed value of taxable properties in the jurisdiction (AV)
- b. Total debt: not > 5% of AV
- c. Exceptions:
 - i. Cities and towns: additional 5% with voter approval for water, lights, and sewers when those facilities are controlled by the municipality (total of 10%).
 - ii. School districts: additional 5% with voter approval for capital outlays (total of 10%).

II. Statutory Limitations – Per total assessed valuation of taxable properties in the jurisdiction (AV)

Entity	RCW	Non-voted	Voted/Total	Notes
General	39.36.020(1)	3/8%	1.25%	Applies to all local entities unless otherwise specified.
Counties	39.36.020(2)(a)(ii)	1.5%	2.5%	Unless acting as metropolitan municipal corporation under RCW 36.56
Cities/towns (first class > 10K in population; second class >1,500; towns < 1,500 per RCW 35.01)	39.36.020(2)(a)(ii) and 39.36.020(4) and for cities under 20K 35.37.040 and 35.37.050	1.5%	2.5% plus additional 2.5% for city-owned lights, water & sewer, plus additional 2.5% for open space, parks, and economic development facilities (7.5% total)	Unless acting as metropolitan municipal corporation under RCW 35.58
City/town	35.42.200	Not resulting in total non-voted indebtedness > 1.5%		For long-term leases of real or personal property

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Department of Commerce

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Entity	RCW	Non-voted	Voted/Total	Notes
City/town, county, metro park district	39.30.010	Not resulting in total non-voted indebtedness > the maximum allowed in statute	Not resulting in total non-voted indebtedness > the maximum allowed in statute	For conditional sales contracts with a county or counties, the state, or any political subdivision of the state, or the feds for purchasing real or personal property
Metropolitan municipal corporation	39.36.020(2)(b)	Additional 3/4% (total of 1.125%)	Additional 2.5% (5% total)	MMR as authorized under RCW 36.56 for counties and RCW 35.58 for cities
Metropolitan municipal corporation for GO bonds	35.58.450	Not resulting in total non-voted indebtedness > 3/4%	Not resulting in total indebtedness > 5%	
School Districts	39.36.020(3)	3/8%	2.5% plus additional 2.5% for capital outlays (total 5%)	
Cemetery Commissioner Board	68.52.310	\$0.115 per \$1,000 of assessed value		Never in excess of the aggregate amount of the currently levied taxes, which is limited to \$0.115 per \$K of AV
Hospital Districts	39.36.020(2)(a)(i) and (2)(b)	3/4%	2.5%	
Library Districts	27.12.222	1/10%	1/2% for capital purposes only	Maximum term of non-voted debt is 6 years



Entity	RCW	Non-voted	Voted/Total	Notes
Library Districts	39.30.010	Not resulting in total non-voted indebtedness of > 3/4%		For conditional sales contracts with a county or counties, the state, or any political subdivision of the state, or the feds for purchasing real or personal property
Metro park district for GO bonds for park, boulevard, aviation landings, playgrounds, parkways	35.61.100 and 35.61.110	Not resulting in total non-voted indebtedness > 1/4%	Not resulting in total indebtedness > 2.5%	
Port districts for GO bonds	53.36.030(1)(a) and 53.36.030(2)	1/4%	3/4%	
Port districts – exception to exceed statutory limitations for non-voted debt	39.28.030	Additional 3/16% (total of 9/16%) for non-voted only	May not exceed other statutory limitations	Additional non-voted authorization may not cause the district to exceed statutory limitations on total debt
Port districts with < \$800 million in taxable property value during 1991	53.36.030(1)(b)	3/8%		Must have comprehensive plan for harbor improvements or industrial development and long-term financial plan approved by Commerce in order to exceed 1/4%
Port districts with < \$200 million operating a municipal airport	53.36.030(3)	1/8% in addition debt authorized in (1)(a) and (b) – total of 1/2%	Additional 3/8% – total of 9/8% (3/4% + 3/8% or 1.125%), but never > 1.25% total debt	Additions may only be used for airport capital improvement purposes



Entity	RCW	Non-voted	Voted/Total	Notes
Public Utility District for acquisition or improvement of property	54.24.018	¾%		No bonds may exceed maturities of 30 years
Water/sewer districts	57.20.110 and 57.20.120	½%	2.5%	

Notes:

- Government loans don't count against debt limits – [RCW 39.36.060](#)
- What happens if a drop in AV causes a jurisdiction to exceed its debt limits? (i.e., nothing – they just can't get any more debt until they're below their debt limit) – [RCW 39.36.030\(2\)](#)
- Definition of “assessed valuation of taxable property” – [RCW 36.39.015](#)
- “Voter approval” is defined in all debt limit statutes as requiring approval by 3/5 of the voters