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HOUSE BILL 2356

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State of Washington                      63rd Legislature                      2014 Regular Session

By Representatives DeBolt, Dunshee, Ross, Orcutt, Johnson, and Zeiger

Read first time 01/16/14. Referred to Committee on Capital Budget.

1            AN ACT Relating to state general obligation bonds for flood hazard  
2 reduction projects; and adding a new chapter to Title 86 RCW.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4            NEW SECTION.    **Sec. 1.**    SHORT TITLE.    This act may be known and  
5 cited as the flood hazard reduction act of 2014.

6            NEW SECTION.    **Sec. 2.**    FLOOD HAZARD REDUCTION BONDS AUTHORIZED.  
7 For the purpose of providing funds to finance flood control,  
8 prevention, protection, and mitigation projects in areas of Washington  
9 state that are at greatest risk and most vulnerable to flooding, and  
10 all costs incidental thereto, the state finance committee is authorized  
11 to issue general obligation bonds of the state of Washington in the sum  
12 of one billion ten million dollars, or as much thereof as may be  
13 required, to finance all or a part of the cost of these projects and  
14 all costs incidental thereto. Bonds authorized in this section may be  
15 sold at such price as the state finance committee shall determine. No  
16 bonds authorized in this section may be offered for sale without prior  
17 legislative appropriation of the net proceeds of the sale of the bonds.

1        NEW SECTION.    **Sec. 3.**    BOND ISSUANCE--INTENT.    (1) It is the intent  
2 of the legislature that the proceeds of new bonds authorized in this  
3 chapter will be appropriated in phases over five biennia, beginning  
4 with the 2015-2017 biennium, to the office of financial management to  
5 provide funding for flood control, prevention, protection, and  
6 mitigation projects in areas of Washington state that are at greatest  
7 risk and most vulnerable to flooding.

8        (2) This chapter is not intended to limit the legislature's ability  
9 to appropriate bond proceeds if the full amount authorized in this  
10 chapter has not been appropriated after five biennia.    The  
11 authorization to issue bonds contained in this chapter does not expire  
12 until the full authorization has been appropriated and issued.

13        NEW SECTION.    **Sec. 4.**    PROCEEDS.    (1) The proceeds from the sale of  
14 the bonds authorized in section 2 of this act shall be deposited in the  
15 flood hazard reduction account created in section 10 of this act.  
16 Moneys in the account may be spent only after appropriation.

17        (2) If the state finance committee deems it necessary to issue  
18 bonds authorized in section 2 of this act as taxable bonds in order to  
19 comply with federal internal revenue service rules and regulations  
20 pertaining to the use of nontaxable bond proceeds or in order to reduce  
21 the total financing costs for bonds issued, the proceeds of such  
22 taxable bonds shall be transferred to the state taxable building  
23 construction account in lieu of any deposit otherwise provided by this  
24 section.    The state treasurer shall submit written notice to the  
25 director of the office of financial management if it is determined that  
26 any such transfer to the state taxable building construction account is  
27 necessary.    Moneys in the account may be spent only after  
28 appropriation.

29        (3) These proceeds shall be used exclusively for the purposes  
30 specified in section 2 of this act and for the payment of expenses  
31 incurred in the issuance and sale of the bonds, and shall be  
32 administered by the office of financial management, subject to  
33 legislative appropriation.

34        NEW SECTION.    **Sec. 5.**    PAYMENT PROCEDURES, TERMS, AND COVENANTS.  
35 (1) The debt-limit general fund bond retirement account shall be used

1 for the payment of the principal of and interest on the bonds  
2 authorized in this chapter.

3 (2) The state finance committee shall, on or before June 30th of  
4 each year, certify to the state treasurer the amount needed in the  
5 ensuing twelve months to meet the bond retirement and interest  
6 requirements on the bonds authorized in this chapter.

7 (3) On each date on which any interest or principal and interest  
8 payment is due on bonds issued under this chapter, the state treasurer  
9 shall withdraw from any general state revenues received in the state  
10 treasury and deposit in the debt-limit general fund bond retirement  
11 account an amount equal to the amount certified by the state finance  
12 committee to be due on the payment date.

13 (4) Bonds issued under this chapter shall state that they are a  
14 general obligation of the state of Washington, shall pledge the full  
15 faith and credit of the state to the payment of the principal thereof  
16 and the interest thereon, and shall contain an unconditional promise to  
17 pay the principal and interest as the same shall become due.

18 (5) The owner and holder of each of the bonds or the trustee for  
19 the owner and holder of any of the bonds may by mandamus or other  
20 appropriate proceeding require the transfer and payment of funds as  
21 directed in this section.

22 (6) The state finance committee is authorized to prescribe the  
23 form, terms, conditions, and covenants of the bonds provided for in  
24 this chapter, the time or times of sale of all or any portion of them,  
25 and the conditions and manner of their sale and issuance.

26 NEW SECTION. **Sec. 6.** ADDITIONAL METHODS OF PAYING DEBT SERVICE  
27 AUTHORIZED. The legislature may provide additional means for raising  
28 moneys for the payment of the principal of and interest on the bonds  
29 authorized under this chapter, and this section shall not be deemed to  
30 provide an exclusive method for payment.

31 NEW SECTION. **Sec. 7.** BONDS--LEGAL INVESTMENT FOR PUBLIC FUNDS.  
32 The bonds authorized by this chapter shall constitute a legal  
33 investment for all state funds or for funds under state control and all  
34 funds of municipal corporations.

1        NEW SECTION.    **Sec. 8.**    INTENDED USE OF BOND PROCEEDS--PILOT  
2 PROJECTS AUTHORIZED.    The legislature intends to use three hundred  
3 million dollars of the proceeds from the sale of bonds issued under  
4 this chapter for flood control, prevention, protection, and mitigation  
5 pilot projects in the Chehalis river basin including, but not limited  
6 to, an upstream water retention facility.    Pilot projects funded must  
7 be reviewed and approved by both the Chehalis river basin flood  
8 authority and the Chehalis tribe prior to the allotment of funds by the  
9 office of financial management.

10        NEW SECTION.    **Sec. 9.**    INTENDED USE OF BOND PROCEEDS--COMPETITIVE  
11 GRANT PROGRAM.    (1) The legislature intends to use seven hundred  
12 million dollars of the proceeds from the sale of bonds issued under  
13 this chapter for flood control, prevention, protection, and mitigation  
14 grants to be distributed on a competitive basis to the following  
15 eligible entities:    Counties; cities; federally recognized Indian  
16 tribes; port districts; flood control zone districts; flood control  
17 districts; and diking and drainage districts.

18        (2) Applicants must provide a twenty percent match from nonstate  
19 sources.    The nonstate match may include cash on hand; the value of  
20 real property when acquired solely for the purpose of the project; the  
21 proceeds of a letter of credit or other binding loan commitment; a  
22 pledge commitment; and in-kind contributions.    Applicants may receive  
23 credit for properly documented nonstate matching funds that were  
24 contributed no earlier than ten years prior to the grant solicitation  
25 round and that are related to the needs identified in the project  
26 application.    The office of financial management may develop additional  
27 requirements related to documenting the value of the nonstate match.

28        (3) The office of financial management, in consultation with the  
29 department of ecology, must evaluate, score, and rank applications  
30 based on the following criteria, in descending order of priority:

31        (a) Projects that provide cost-effective hazard reduction to  
32 people, property, critical facilities, and transportation corridors in  
33 counties that have historically been and are projected to continue to  
34 be at greatest risk and most vulnerable to flooding, including:

- 35        (i) Clark county;
- 36        (ii) Cowlitz county;
- 37        (iii) Grays Harbor county;

- 1 (iv) King county;
- 2 (v) Lewis county;
- 3 (vi) Pierce county;
- 4 (vii) Skagit county;
- 5 (viii) Snohomish county;
- 6 (ix) Thurston county;
- 7 (x) Whatcom county; and
- 8 (xi) Other counties as determined by the office of financial
- 9 management;

10 (b) Projects that have been examined through a collaborative  
11 planning and approval process that includes public comment, such as a  
12 comprehensive flood hazard management plan, a hazard mitigation plan,  
13 a comprehensive plan, a watershed plan, or other applicable plans;

14 (c) Projects that minimize or eliminate future costs for  
15 maintenance, operation, or emergency response;

16 (d) Projects that are ready to proceed with the scope of work, and  
17 whose sponsors have the capacity to complete the project successfully;

18 (e) Projects that achieve multiple benefits, including, but not  
19 limited to, salmon recovery, water quality improvements, habitat  
20 restoration, and channel migration zone protection.

21 (4) Proceeds from the sale of bonds issued under this chapter may  
22 not be used for the development of comprehensive flood hazard  
23 management plans, hazard mitigation plans, comprehensive plans,  
24 watershed plans, or other plans.

25 NEW SECTION. **Sec. 10.** CREATION OF THE FLOOD HAZARD REDUCTION  
26 ACCOUNT. The flood hazard reduction account is created in the state  
27 treasury. Proceeds from the bonds issued under section 4 of this act  
28 shall be deposited in the account. The account shall be used for  
29 purposes of section 2 of this act. Moneys in the account may be spent  
30 only after appropriation.

31 NEW SECTION. **Sec. 11.** SEVERABILITY. If any provision of this act  
32 or its application to any person or circumstance is held invalid, the  
33 remainder of the act or the application of the provision to other  
34 persons or circumstances is not affected.

1        NEW SECTION.    **Sec. 12.**    Sections 1 through 11 of this act  
2    constitute a new chapter in Title 86 RCW.

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