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HOUSE BILL 2357

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State of Washington                      63rd Legislature                      2014 Regular Session

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

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 and storm water projects; adding a new chapter to Title 86  
3 RCW; and adding a new chapter to Title 43 RCW.

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

5    **PART I**

6    **FLOOD HAZARD REDUCTION BONDS**

7            NEW SECTION.    **Sec. 101.**    FLOOD HAZARD REDUCTION BONDS AUTHORIZED.  
8 For the purpose of providing funds to finance flood control,  
9 prevention, protection, and mitigation projects in areas of Washington  
10 state that are at greatest risk and most vulnerable to flooding, and  
11 all costs incidental thereto, the state finance committee is authorized  
12 to issue general obligation bonds of the state of Washington in the sum  
13 of one billion ten million dollars, or as much thereof as may be  
14 required, to finance all or a part of the cost of these projects and  
15 all costs incidental thereto. Bonds authorized in this section may be  
16 sold at such price as the state finance committee shall determine. No  
17 bonds authorized in this section may be offered for sale without prior  
18 legislative appropriation of the net proceeds of the sale of the bonds.

1        NEW SECTION.    **Sec. 102.**    BOND ISSUANCE--INTENT.    (1) It is the  
2 intent of the legislature that the proceeds of new bonds authorized in  
3 section 101 of this act will be appropriated in phases over five  
4 biennia, beginning with the 2015-2017 biennium, to the office of  
5 financial management to provide funding for flood control, prevention,  
6 protection, and mitigation projects in areas of Washington state that  
7 are at greatest risk and most vulnerable to flooding.

8        (2) Subsection (1) of this section is not intended to limit the  
9 legislature's ability to appropriate bond proceeds if the full amount  
10 authorized in section 101 of this act has not been appropriated after  
11 five biennia.    The authorization to issue bonds contained in this  
12 chapter does not expire until the full authorization has been  
13 appropriated and issued.

14        NEW SECTION.    **Sec. 103.**    PROCEEDS.    (1) The proceeds from the sale  
15 of the bonds authorized in section 101 of this act shall be deposited  
16 in the flood hazard reduction account created in section 109 of this  
17 act.    Moneys in the account may be spent only after appropriation.

18        (2) If the state finance committee deems it necessary to issue  
19 bonds authorized in section 101 of this act as taxable bonds in order  
20 to comply with federal internal revenue service rules and regulations  
21 pertaining to the use of nontaxable bond proceeds or in order to reduce  
22 the total financing costs for bonds issued, the proceeds of such  
23 taxable bonds shall be transferred to the state taxable building  
24 construction account in lieu of any deposit otherwise provided by this  
25 section.    The state treasurer shall submit written notice to the  
26 director of the office of financial management if it is determined that  
27 any such transfer to the state taxable building construction account is  
28 necessary.    Moneys in the account may be spent only after  
29 appropriation.

30        (3) These proceeds shall be used exclusively for the purposes  
31 specified in section 101 of this act and for the payment of expenses  
32 incurred in the issuance and sale of the bonds, and shall be  
33 administered by the office of financial management, subject to  
34 legislative appropriation.

35        NEW SECTION.    **Sec. 104.**    PAYMENT PROCEDURES, TERMS, AND COVENANTS.

1 (1) The debt-limit general fund bond retirement account shall be used  
2 for the payment of the principal of and interest on the bonds  
3 authorized in section 101 of this act.

4 (2) The state finance committee shall, on or before June 30th of  
5 each year, certify to the state treasurer the amount needed in the  
6 ensuing twelve months to meet the bond retirement and interest  
7 requirements on the bonds authorized in section 101 of this act.

8 (3) On each date on which any interest or principal and interest  
9 payment is due on bonds issued under section 101 of this act, the state  
10 treasurer shall withdraw from any general state revenues received in  
11 the state treasury and deposit in the debt-limit general fund bond  
12 retirement account an amount equal to the amount certified by the state  
13 finance committee to be due on the payment date.

14 (4) Bonds issued under section 101 of this act shall state that  
15 they are a general obligation of the state of Washington, shall pledge  
16 the full faith and credit of the state to the payment of the principal  
17 thereof and the interest thereon, and shall contain an unconditional  
18 promise to pay the principal and interest as the same shall become due.

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

23 (6) The state finance committee is authorized to prescribe the  
24 form, terms, conditions, and covenants of the bonds provided for in  
25 section 101 of this act, the time or times of sale of all or any  
26 portion of them, and the conditions and manner of their sale and  
27 issuance.

28 NEW SECTION. **Sec. 105.** ADDITIONAL METHODS OF PAYING DEBT SERVICE  
29 AUTHORIZED. The legislature may provide additional means for raising  
30 moneys for the payment of the principal of and interest on the bonds  
31 authorized in section 101 of this act, and this section shall not be  
32 deemed to provide an exclusive method for payment.

33 NEW SECTION. **Sec. 106.** BONDS--LEGAL INVESTMENT FOR PUBLIC FUNDS.  
34 The bonds authorized by section 101 of this act shall constitute a  
35 legal investment for all state funds or for funds under state control  
36 and all funds of municipal corporations.

1        NEW SECTION.    **Sec. 107.**    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 section 101 of this act for flood control, prevention, protection, and  
5 mitigation pilot projects in the Chehalis river basin including, but  
6 not limited to, an upstream water retention facility.    Pilot projects  
7 funded must be reviewed and approved by both the Chehalis river basin  
8 flood authority and the Chehalis tribe prior to the allotment of funds  
9 by the office of financial management.

10        NEW SECTION.    **Sec. 108.**    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 section 101 of this act for flood control, prevention, protection, and  
14 mitigation grants to be distributed on a competitive basis to the  
15 following eligible entities:    Counties; cities; federally recognized  
16 Indian tribes; port districts; flood control zone districts; flood  
17 control 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. 109.** 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 103 of this act  
28 shall be deposited in the account. The account shall be used for  
29 purposes of section 101 of this act. Moneys in the account may be  
30 spent only after appropriation.

31 **PART II**  
32 **STORM WATER BONDS**

33 NEW SECTION. **Sec. 201.** STORM WATER BONDS AUTHORIZED. For the  
34 purpose of providing funds to finance an ongoing, statewide competitive  
35 program of grants to cities and counties for storm water projects that

1 protect and improve water quality and improve watershed functionality,  
2 and all costs incidental thereto, the state finance committee is  
3 authorized to issue general obligation bonds of the state of Washington  
4 in the sum of five hundred five million dollars, or as much thereof as  
5 may be required, to finance all or a part of the cost of these projects  
6 and all costs incidental thereto. Bonds authorized in this section may  
7 be sold at such price as the state finance committee shall determine.  
8 No bonds authorized in this section may be offered for sale without  
9 prior legislative appropriation of the net proceeds of the sale of the  
10 bonds.

11 NEW SECTION. **Sec. 202.** BOND ISSUANCE--INTENT. (1) It is the  
12 intent of the legislature that the proceeds of new bonds authorized in  
13 section 201 of this act will be appropriated in phases over five  
14 biennia, beginning with the 2015-2017 biennium, to the department of  
15 ecology to provide funding to cities and counties for competitive storm  
16 water grants.

17 (2) Subsection (1) of this section is not intended to limit the  
18 legislature's ability to appropriate bond proceeds if the full amount  
19 authorized in this chapter has not been appropriated after five  
20 biennia. The authorization to issue bonds contained in this chapter  
21 does not expire until the full authorization has been appropriated and  
22 issued.

23 NEW SECTION. **Sec. 203.** PROCEEDS. (1) The proceeds from the sale  
24 of the bonds authorized in section 201 of this act shall be deposited  
25 in the storm water financial assistance account created in section 207  
26 of this act. Moneys in the account may be spent only after  
27 appropriation.

28 (2) If the state finance committee deems it necessary to issue  
29 bonds authorized in section 201 of this act as taxable bonds in order  
30 to comply with federal internal revenue service rules and regulations  
31 pertaining to the use of nontaxable bond proceeds or in order to reduce  
32 the total financing costs for bonds issued, the proceeds of such  
33 taxable bonds shall be transferred to the state taxable building  
34 construction account in lieu of any deposit otherwise provided by this  
35 section. The state treasurer shall submit written notice to the  
36 director of the office of financial management if it is determined that

1 any such transfer to the state taxable building construction account is  
2 necessary. Moneys in the account may be spent only after  
3 appropriation.

4 (3) These proceeds shall be used exclusively for the purposes  
5 specified in section 201 of this act and for the payment of expenses  
6 incurred in the issuance and sale of the bonds, and shall be  
7 administered by the department of ecology, subject to legislative  
8 appropriation.

9 NEW SECTION. **Sec. 204.** PAYMENT PROCEDURES, TERMS, AND COVENANTS.

10 (1) The debt-limit general fund bond retirement account shall be used  
11 for the payment of the principal of and interest on the bonds  
12 authorized in section 201 of this act.

13 (2) The state finance committee shall, on or before June 30th of  
14 each year, certify to the state treasurer the amount needed in the  
15 ensuing twelve months to meet the bond retirement and interest  
16 requirements on the bonds authorized in section 201 of this act.

17 (3) On each date on which any interest or principal and interest  
18 payment is due on bonds issued under section 201 of this act, the state  
19 treasurer shall withdraw from any general state revenues received in  
20 the state treasury and deposit in the debt-limit general fund bond  
21 retirement account an amount equal to the amount certified by the state  
22 finance committee to be due on the payment date.

23 (4) Bonds issued under section 201 of this act shall state that  
24 they are a general obligation of the state of Washington, shall pledge  
25 the full faith and credit of the state to the payment of the principal  
26 thereof and the interest thereon, and shall contain an unconditional  
27 promise to pay the principal and interest as the same shall become due.

28 (5) The owner and holder of each of the bonds or the trustee for  
29 the owner and holder of any of the bonds may by mandamus or other  
30 appropriate proceeding require the transfer and payment of funds as  
31 directed in this section.

32 (6) The state finance committee is authorized to prescribe the  
33 form, terms, conditions, and covenants of the bonds provided for in  
34 section 201 of this act, the time or times of sale of all or any  
35 portion of them, and the conditions and manner of their sale and  
36 issuance.

1 NEW SECTION. **Sec. 205.** ADDITIONAL METHODS OF PAYING DEBT SERVICE  
2 AUTHORIZED. The legislature may provide additional means for raising  
3 moneys for the payment of the principal of and interest on the bonds  
4 authorized in section 201 of this act, and this section shall not be  
5 deemed to provide an exclusive method for payment.

6 NEW SECTION. **Sec. 206.** BONDS--LEGAL INVESTMENT FOR PUBLIC FUNDS.  
7 The bonds authorized by section 201 of this act shall constitute a  
8 legal investment for all state funds or for funds under state control  
9 and all funds of municipal corporations.

10 NEW SECTION. **Sec. 207.** CREATION OF THE STORM WATER FINANCIAL  
11 ASSISTANCE ACCOUNT. The storm water financial assistance account is  
12 created in the state treasury. Proceeds from the bonds issued under  
13 section 203 of this act shall be deposited in the account. The account  
14 shall be used for purposes of section 201 of this act. Moneys in the  
15 account may be spent only after appropriation.

16 **PART III**  
17 **MISCELLANEOUS PROVISIONS**

18 NEW SECTION. **Sec. 301.** SEVERABILITY. If any provision of this  
19 act or its application to any person or circumstance is held invalid,  
20 the remainder of the act or the application of the provision to other  
21 persons or circumstances is not affected.

22 NEW SECTION. **Sec. 302.** Sections 101 through 109 of this act  
23 constitute a new chapter in Title 86 RCW.

24 NEW SECTION. **Sec. 303.** Sections 201 through 207 of this act  
25 constitute a new chapter in Title 43 RCW.

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