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**SENATE BILL 6480**

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**State of Washington 65th Legislature 2018 Regular Session**

**By** Senators Mullet, Angel, and Braun; by request of State Treasurer

AN ACT Relating to local government infrastructure needs; amending RCW 43.79A.040 and 43.155.030; and adding a new chapter to Title 43 RCW.

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

NEW SECTION. **Sec.**  LEND WASHINGTON PROGRAM—PURPOSE AND INTENT. State assistance for local infrastructure must expand capacity and improve access to better assist local governments with their infrastructure needs. Improving access to state programs and reducing the cost of private market financing for local government infrastructure supports the foundation of local responsibility while expanding the capacity to improve local infrastructure. In order to meet this goal, it is necessary to provide better access to state programs by providing local governments with one point of contact within the state that has knowledge of the numerous state programs available to support local government infrastructure needs.

The legislature intends to streamline and make more efficient local government access to state programs that provide financial and technical assistance related to local infrastructure and to provide technical and other assistance to local governments in meeting their local infrastructure needs by creating the lend Washington finance board.

NEW SECTION. **Sec.**  DEFINITIONS. The definitions in this section apply throughout this chapter unless the context clearly requires otherwise.

(1) "Board" means the lend Washington finance board.

(2) "Lend Washington initiative" or "initiative" includes the plan to standardize access to state programs and the program to be implemented by the state treasurer for the purpose of providing financing opportunities and evaluating and directing financing needs to the appropriate state program.

(3) "Plan" means the general plan to standardize the process for applying for grants and loans through state sponsored programs for the purpose of assisting political subdivisions in financing infrastructure projects.

(4) "Political subdivision" or "local government" means state agencies, cities, towns, counties, special purpose districts, and any other municipal corporations or quasi-municipal corporations in this state.

(5) "Program" means the consolidated borrowing program operated by the state treasurer for the purpose of providing funds to political subdivisions for essential infrastructure needs.

(6) "Treasurer" means the Washington state treasurer.

NEW SECTION. **Sec.**  LEND WASHINGTON FINANCE BOARD. (1) The lend Washington finance board is hereby established as a public body corporate and politic, with perpetual corporate succession, constituting an instrumentality of the state of Washington exercising essential governmental functions. The board is a public body within the meaning of RCW 39.53.010.

(2) The board has the following members:

(a) The state treasurer;

(b) The director of the office of financial management;

(c) The director of the department of ecology;

(d) The secretary of health;

(e) The director of the department of commerce;

(f) The state auditor; and

(g) Two local government appointees.

(3) The local government appointees of the board shall be appointed by the ex officio members of the board, and must represent a cross-section of political subdivisions who need access to capital programs. The term for local government members is two years.

(4) If any of the state offices named in subsection (2) of this section are abolished, any resulting vacancy on the board shall be filled by the state officer who succeeds substantially to the powers and duties of the abolished office.

(5) Any state official serving in an ex officio capacity may designate an employee of their respective department to act on their behalf in all respects with regard to any matter to come before the board. Such a designation must be made in writing in the manner specified by rules of the board.

(6) Members of the board serve without compensation but are entitled to reimbursement, solely from the funds of the program, for expenses incurred in the discharge of their duties under this chapter.

(7) Board members shall provide technical assistance and expertise to the board with respect to programs that assist political subdivisions in financing infrastructure projects.

(8) The state treasurer shall act as chair of the board.

(9) The board must meet at least twice per year. The board shall provide education and guidance with respect to funding options that may be available for projects that do not otherwise qualify for current state grants or loans.

(10) The office of the state treasurer will provide staff support to the board.

NEW SECTION. **Sec.**  GENERAL POWERS OF THE BOARD. The board created by section 3 of this act has the power to:

(1) Make and execute contracts and all other instruments necessary or convenient for the exercise of its purposes or powers.

(2) Make expenditures as are appropriate for paying the administrative costs of the program and for carrying out the provisions of this chapter.

(3) Employ, contract with, or engage attorneys, financial advisors, or other financing experts and other personnel as necessary. The board may delegate to the appropriate persons the power to execute legal instruments on its behalf.

(4) Receive contributions or grants from any source unless otherwise prohibited.

(5) Exercise any other power reasonably required to implement the purposes of this chapter.

NEW SECTION. **Sec.**  DUTIES TO CREATE A PLAN FOR PROVIDING BETTER ACCESS TO POLITICAL SUBDIVISIONS. (1) The board created by section 3 of this act shall:

(a) Establish by rule or resolution standards and requirements as are applicable to loans and other financings of local government infrastructure through current programs offered by the state or by other means as appropriate to serve the needs of local governments.

(b) Provide access to finance experts to political subdivisions.

(c) Charge appropriate fees to political subdivisions for services provided by the board, including access to finance experts, at the discretion of the board.

(d) Make financing recommendations and provide technical assistance regarding financing to political subdivisions that are planning infrastructure projects.

(e) Evaluate projects, if requested by political subdivisions, and make referrals to the appropriate program or programs.

(f) Provide technical assistance on financing matters, if requested, to political subdivisions who request it.

(g) Provide educational opportunities for state and local governments on financing matters.

(h) Adopt other rules as are necessary to carry out the duties and responsibilities of the program.

(2) Nothing in this section precludes a political subdivision from accessing any program independently without going through the board.

NEW SECTION. **Sec.**  PLAN. (1) The treasurer must develop a proposed plan to standardize the process for accessing state assistance by political subdivisions. The plan must include, but not be limited to:

(a) A list of state programs that provide financial assistance to political subdivisions for infrastructure projects;

(b) Criteria for qualifying for particular programs;

(c) Creation of a process for receiving requests from political subdivisions for assistance and a method for appropriately referring an applicant to a program; and

(d) Creation of a database of political subdivisions who seek assistance of the board that includes the name of the political subdivision, the proposed infrastructure need, the referral, if any, and whether the political subdivision ultimately achieved funding.

(2) The board is responsible for adopting the plan as proposed by the state treasurer unless it deems the plan to be insufficient. If the board deems the plan to be insufficient, it must provide specific direction to the treasurer with respect to making modifications to the plan.

NEW SECTION. **Sec.**  CREATION OF ACCOUNT. The lend Washington program account is created in the custody of the state treasurer. Neither an appropriation nor an allotment is required for expenditures from the account.

NEW SECTION. **Sec.**  CONFLICTS OF INTEREST—CODE OF ETHICS. In addition to other law pertaining to conflicts of interest of public officials, no board member, appointive or otherwise, may participate in any decision on any program contract or application in which the board member has any interests, direct or indirect, with any firm, partnership, corporation, or association which would be the recipient of any aid under this chapter. In any instance where the participation occurs, the program shall void the transaction, and the involved member is subject to further sanction as provided by law. The board shall adopt a code of ethics for its members, which shall be designed to protect the state and its citizens from any unethical conduct by the program.

**Sec.**  RCW 43.79A.040 and 2017 3rd sp.s. c 5 s 89 are each amended to read as follows:

(1) Money in the treasurer's trust fund may be deposited, invested, and reinvested by the state treasurer in accordance with RCW 43.84.080 in the same manner and to the same extent as if the money were in the state treasury, and may be commingled with moneys in the state treasury for cash management and cash balance purposes.

(2) All income received from investment of the treasurer's trust fund must be set aside in an account in the treasury trust fund to be known as the investment income account.

(3) The investment income account may be utilized for the payment of purchased banking services on behalf of treasurer's trust funds including, but not limited to, depository, safekeeping, and disbursement functions for the state treasurer or affected state agencies. The investment income account is subject in all respects to chapter 43.88 RCW, but no appropriation is required for payments to financial institutions. Payments must occur prior to distribution of earnings set forth in subsection (4) of this section.

(4)(a) Monthly, the state treasurer must distribute the earnings credited to the investment income account to the state general fund except under (b), (c), and (d) of this subsection.

(b) The following accounts and funds must receive their proportionate share of earnings based upon each account's or fund's average daily balance for the period: The 24/7 sobriety account, the Washington promise scholarship account, the Gina Grant Bull memorial legislative page scholarship account, the Washington advanced college tuition payment program account, the Washington college savings program account, the accessible communities account, the Washington achieving a better life experience program account, the community and technical college innovation account, the agricultural local fund, the American Indian scholarship endowment fund, the foster care scholarship endowment fund, the foster care endowed scholarship trust fund, the contract harvesting revolving account, the Washington state combined fund drive account, the commemorative works account, the county enhanced 911 excise tax account, the toll collection account, the developmental disabilities endowment trust fund, the energy account, the fair fund, the family and medical leave insurance account, the food animal veterinarian conditional scholarship account, the forest health revolving account, the fruit and vegetable inspection account, the future teachers conditional scholarship account, the game farm alternative account, the GET ready for math and science scholarship account, the Washington global health technologies and product development account, the grain inspection revolving fund, the industrial insurance rainy day fund, the juvenile accountability incentive account, the law enforcement officers' and firefighters' plan 2 expense fund, the local tourism promotion account, the low-income home rehabilitation revolving loan program account, the multiagency permitting team account, the northeast Washington wolf-livestock management account, the pilotage account, the produce railcar pool account, the regional transportation investment district account, the rural rehabilitation account, the Washington sexual assault kit account, the stadium and exhibition center account, the youth athletic facility account, the self-insurance revolving fund, the children's trust fund, the Washington horse racing commission Washington bred owners' bonus fund and breeder awards account, the Washington horse racing commission class C purse fund account, the individual development account program account, the Washington horse racing commission operating account, the life sciences discovery fund, the Washington state heritage center account, the reduced cigarette ignition propensity account, the center for childhood deafness and hearing loss account, the school for the blind account, the Millersylvania park trust fund, the public employees' and retirees' insurance reserve fund, the lend Washington program account, and the radiation perpetual maintenance fund.

(c) The following accounts and funds must receive eighty percent of their proportionate share of earnings based upon each account's or fund's average daily balance for the period: The advanced right-of-way revolving fund, the advanced environmental mitigation revolving account, the federal narcotics asset forfeitures account, the high occupancy vehicle account, the local rail service assistance account, and the miscellaneous transportation programs account.

(d) Any state agency that has independent authority over accounts or funds not statutorily required to be held in the custody of the state treasurer that deposits funds into a fund or account in the custody of the state treasurer pursuant to an agreement with the office of the state treasurer shall receive its proportionate share of earnings based upon each account's or fund's average daily balance for the period.

(5) In conformance with Article II, section 37 of the state Constitution, no trust accounts or funds shall be allocated earnings without the specific affirmative directive of this section.

**Sec.**  RCW 43.155.030 and 1999 c 153 s 58 are each amended to read as follows:

(1) The public works board is hereby created.

(2) The board shall be composed of ((~~thirteen~~)) fourteen members appointed by the governor for terms of four years, except that five members initially shall be appointed for terms of two years. The board shall include: (a) The state treasurer; (b) three members, two of whom shall be elected officials and one shall be a public works manager, appointed from a list of at least six persons nominated by the association of Washington cities or its successor; ((~~(b)~~)) (c) three members, two of whom shall be elected officials and one shall be a public works manager, appointed from a list of at least six persons nominated by the Washington state association of counties or its successor; ((~~(c)~~)) (d) three members appointed from a list of at least six persons nominated jointly by the Washington public utility districts association and a state association of water-sewer districts, or their successors; and ((~~(d)~~)) (e) four members appointed from the general public. In appointing the four general public members, the governor shall endeavor to balance the geographical composition of the board and to include members with special expertise in relevant fields such as public finance, architecture and civil engineering, and public works construction. The governor shall appoint one of the general public members of the board as chair. The term of the chair shall coincide with the term of the governor.

(3) Staff support to the board shall be provided by the department.

(4) Members of the board shall receive no compensation but shall be reimbursed for travel expenses under RCW 43.03.050 and 43.03.060.

(5) If a vacancy on the board occurs by death, resignation, or otherwise, the governor shall fill the vacant position for the unexpired term. Each vacancy in a position appointed from lists provided by the associations under subsection (2) of this section shall be filled from a list of at least three persons nominated by the relevant association or associations. Any members of the board, appointive or otherwise, may be removed by the governor for cause in accordance with RCW 43.06.070 and 43.06.080.

NEW SECTION. **Sec.**  Sections 1 through 8 of this act constitute a new chapter in Title 43 RCW.

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

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