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**SENATE BILL 6345**

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**State of Washington 66th Legislature 2020 Regular Session**

**By** Senators Honeyford and Warnick

AN ACT Relating to establishing the water infrastructure program; adding a new chapter to Title 90 RCW; adding a new chapter to Title 43 RCW; providing a contingent effective date; and providing for submission of certain sections of this act to a vote of the people.

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

**PART 1**

**WATER INFRASTRUCTURE PROGRAM**

NEW SECTION. **Sec.**  The water infrastructure program is established and must be administered in accordance with this chapter.

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

(1) "Department" means the department of ecology.

(2) "Preference" means, when referring to a project, that the project should be ranked more favorably than other projects that lack preferred characteristics, but "preference" does not mean that the department must reject projects that lack preferred characteristics.

(3) "Priority" means, when referring to a project, that the project must be ranked more favorably than other projects.

(4) "Project" means infrastructure that meets the criteria for funding established in this chapter.

(5) "Sponsor" means a Washington state agency, a local government or other public entity in Washington, an agency of the United States government engaged in water supply or flood control activities in Washington, or a federally recognized Indian tribe with a reservation in Washington.

NEW SECTION. **Sec.**  The water infrastructure program must be administered for the purpose of funding projects that promote the following objectives:

(1) Increasing the availability of water for out-of-stream beneficial uses;

(2) Reducing the risk of flooding, protecting against damage that may be caused by flooding, and restoring areas where flooding has occurred;

(3) Improving fish passage; or

(4) Reducing stormwater pollution from existing development.

NEW SECTION. **Sec.**  (1) The water infrastructure program must be administered as a competitive grant program to evaluate and rank projects proposed by sponsors.

(2) The department shall begin accepting applications from sponsors on April 1st in each even-numbered year. The application submission period must remain open until October 1st of the same year.

(3) After the application submission period closes, the department shall distribute applications to the office of Columbia river, office of Chehalis basin, or fish passage barrier removal board, as appropriate, which must evaluate the applications and create ranked lists of projects for the objectives under section 103 of this act. The ranked lists must be provided by the department to the appropriate standing committees of the legislature before the commencement of the regular session of the legislature in each odd-numbered year.

(4) The department shall publish a list of approved projects based on appropriations made by the legislature and shall notify sponsors of approved projects after the adjournment sine die of the regular or special sessions of the legislature in each odd-numbered year.

(5) The department shall publish a list of approved projects after the adjournment sine die of the regular or special sessions of the legislature in an even-numbered year if the legislature makes an appropriation resulting in the funding of projects in an even-numbered year.

(6) Subject to the availability of amounts appropriated for this specific purpose, the department is authorized to provide funding to sponsors for projects that were approved. The department may not obligate funds from the water infrastructure program account, water infrastructure program bond account, or water infrastructure program taxable bond account before the legislature has appropriated funds from such accounts for the purpose of funding projects under this chapter.

(7) A sponsor that is not approved may reapply during a subsequent application submission period in accordance with this section.

NEW SECTION. **Sec.**  The office of Columbia river shall review proposed projects designed to increase the availability of water for out-of-stream beneficial uses. The following criteria apply to these projects:

(1) A project must increase the availability of water for out-of-stream beneficial uses;

(2) The highest priority projects are those projects that implement the integrated plan, as defined under RCW 90.38.010, or satisfy the water supply needs identified under RCW 90.90.020;

(3) Preference must be given to projects that provide multiple benefits;

(4) Preference must be given to projects that mitigate impacts to fish and wildlife caused by the project;

(5) Preference must be given to projects that include practicable conservation measures to ensure that water is used efficiently; and

(6) The office of Columbia river may consider whether a project helps the state prepare for the effects of climate change.

NEW SECTION. **Sec.**  The office of Chehalis basin shall review proposed projects designed to reduce the risk of flooding, protect against damage that may be caused by flooding, and restore areas where flooding has occurred. The following criteria apply to these projects:

(1) A project must reduce the risk of flooding, protect against damage that may be caused by flooding, or restore areas where flooding has occurred;

(2) The highest priority projects are those that implement the Chehalis basin strategy under RCW 43.21A.732;

(3) Preference must be given to projects that provide multiple benefits;

(4) Preference must be given to projects located in areas that historically have been at the greatest risk and most vulnerable to flooding;

(5) Preference must be given to projects that eliminate or minimize the risk of future damage or disruption to critical infrastructure, such as centers of commerce, emergency response systems, hospitals, and transportation corridors; and

(6) The office of Chehalis basin may consider whether a project helps the state prepare for the effects of climate change.

NEW SECTION. **Sec.**  The fish passage barrier removal board shall review proposed projects designed to improve fish passage. The following criteria apply to these projects:

(1) A project must improve fish passage;

(2) The highest priority projects are those that satisfy the state's obligations under a court order; and

(3) Preference must be given to projects sponsored by a city or county.

NEW SECTION. **Sec.**  The department shall review proposed projects designed to reduce stormwater pollution from existing development. The following criteria apply to these projects:

(1) A project must reduce stormwater pollution from existing development;

(2) Preference must be given to projects that rely on low-impact development retrofit techniques; and

(3) Preference must be given to projects that have a high water quality benefit and address stormwater pollution from existing infrastructure.

NEW SECTION. **Sec.**  (1) Projects may be consistent with more than one objective under section 103 of this act, but a sponsor is required to identify which objective is the primary objective for a project. The reviewing authorities shall, to the greatest extent practicable, rank projects so that approximately equal amounts will have been allocated among each of the project objective categories under section 103 of this act over the first twenty years of the water infrastructure program.

(2) The reviewing authorities shall rank projects in a manner designed to provide funding for as many projects as practicable, while attempting to ensure that each project will receive sufficient funding to facilitate successful completion of the project.

(3) The reviewing authorities shall consider whether each project is consistent with the action agenda as defined under RCW 90.71.010, if applicable.

(4) Moneys made available under this chapter may not be used to acquire property through condemnation.

NEW SECTION. **Sec.**  Sponsors that apply for funding through the water infrastructure program are required to provide a minimum of twenty-five percent of project costs in sponsor funding. The reviewing authorities shall give preference to projects that provide a higher level of sponsor funding. Sponsor funding may include funds, commitments, or contributions dedicated to the accomplishment of the project, such as cash on hand, the value of real property when acquired solely for the purpose of the project, the proceeds of a letter of credit or other binding loan commitment, or similar commitments. Sponsors may receive credit for properly documented funding that was contributed no earlier than ten years prior to the effective date of this section and that was dedicated to the accomplishment of the project.

NEW SECTION. **Sec.**  The department may establish advisory committees to ensure that the water infrastructure program is administered with due consideration for the views of individuals and organizations that have demonstrated their interest in water management in Washington.

NEW SECTION. **Sec.**  The department shall monitor progress in completing projects and achieving desired outcomes for projects funded under the water infrastructure program. Beginning July 1, 2022, the department shall submit biennial reports to the legislature describing the use of funds under this chapter.

NEW SECTION. **Sec.**  The water infrastructure program bond account is created in the state treasury. All receipts of money directed to the account must be deposited in the account. The account is intended to fund projects for purposes relating to the water infrastructure program established in this chapter using tax exempt bonds. Moneys in the account may be spent only after appropriation.

NEW SECTION. **Sec.**  The water infrastructure program taxable bond account is created in the state treasury. All receipts of money directed to the account must be deposited in the account. The account is intended to fund projects for purposes relating to the water infrastructure program established in this chapter using taxable bonds. Moneys in the account may be spent only after appropriation.

NEW SECTION. **Sec.**  The legislature intends to appropriate five hundred million dollars each biennium for projects under this chapter, up to a total of five billion dollars, for ten biennia. This chapter is not intended to limit the legislature's ability to appropriate bond proceeds if the full amount authorized in this chapter has not been appropriated after ten biennia, and the authorization to issue bonds contained in this chapter does not expire until the full authorization has been appropriated and issued.

NEW SECTION. **Sec.**  Sections 101 through 115 of this act constitute a new chapter in Title 90 RCW.

**PART 2**

**BOND AUTHORIZATION**

NEW SECTION. **Sec.**  (1) For the purposes of providing needed capital improvements to meet the objectives of the water infrastructure program created in sections 101 through 115 of this act, the state finance committee is authorized to issue general obligation bonds of the state of Washington in the sum of five billion dollars, or so much thereof as may be required, to finance all or a part of the cost of these projects and all costs incidental thereto. The bonds issued under the authority of this section shall be known as water infrastructure program bonds.

(2) Bonds authorized in this section must be sold in the manner, at the time or times, in amounts, and at such prices as the state finance committee determines.

(3) The authorization to issue bonds contained in this chapter does not expire until the full authorization has been issued.

(4) No bonds authorized in this section may be offered for sale without prior legislative appropriation of the net proceeds of the sale of the bonds.

NEW SECTION. **Sec.**  (1) The proceeds from the sale of bonds authorized in section 201 of this act shall be deposited in the water infrastructure program bond account, created in section 113 of this act.

(2) If the state finance committee deems it necessary or advantageous to issue taxable bonds in order to comply with federal internal revenue service rules and regulations pertaining to the use of nontaxable bond proceeds or in order to reduce the total financing costs for bonds issued, the proceeds of taxable bonds shall be transferred to the water infrastructure program taxable bond account created in section 114 of this act. The state treasurer shall submit written notice to the director of financial management if it is determined that any transfer to the water infrastructure program taxable bond account is necessary or that a transfer from the water infrastructure program taxable bond account to the water infrastructure program bond account may be made.

NEW SECTION. **Sec.**  (1) The nondebt-limit general fund bond retirement account must be used for the payment of the principal of and interest on the bonds authorized in section 201 of this act.

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

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

NEW SECTION. **Sec.**  (1) Bonds issued under section 201 of this act must state that they are a general obligation of the state of Washington, must pledge the full faith and credit of the state to the payment of the principal thereof and the interest thereon, and must contain an unconditional promise to pay the principal and interest as the same shall become due.

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

NEW SECTION. **Sec.**  The legislature may provide additional means for raising moneys for the payment of the principal of and interest on the bonds authorized in section 201 of this act.

NEW SECTION. **Sec.**  The state finance committee is authorized to prescribe the form, terms, conditions, and covenants of the bonds provided for in this chapter, the time or times of sale of all or any portion of them, and the conditions and manner of their sale and issuance.

**PART 3**

**REFERENDUM PROVISIONS**

NEW SECTION. **Sec.**  (1) The secretary of state shall submit section 201 of this act to the people for their adoption and ratification, or rejection, at the next general election to be held in this state, in accordance with Article II, section 1 and Article VIII, section 3 of the state Constitution and the laws adopted to facilitate their operation.

(2) If the people ratify section 201 of this act as specified under subsection (1) of this section, revenues generated shall be spent as detailed in this act.

(3) Pursuant to RCW 29A.72.050(6), the statement of subject and concise description for the ballot title shall read: "The legislature has passed Senate Bill No. . . . . (this act), concerning a water infrastructure program. This bill would authorize bonds to:

(a) Increase the availability of water for out-of-stream beneficial uses;

(b) Reduce the risk of flooding, protect against damage that may be caused by flooding, and restore areas where flooding has occurred;

(c) Improve fish passage; and

(d) Reduce stormwater pollution from existing development."

**PART 4**

**MISCELLANEOUS**

NEW SECTION. **Sec.**  Sections 201 through 206 of this act constitute a new chapter in Title 43 RCW.

NEW SECTION. **Sec.**  If the people ratify section 201 of this act as specified under section 301(1) of this act, sections 101 through 206 of this act take effect January 1, 2021.

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