
SUBSTITUTE HOUSE BILL 2436

State of Washington

54th Legislature

1996 Regular Session

By House Committee on Capital Budget (originally sponsored by Representatives Sehlin and Ogden; by request of State Treasurer)

Read first time 01/30/96.

1 AN ACT Relating to financing contracts; amending RCW 39.94.040;
2 adding a new section to chapter 39.94 RCW; creating new sections;
3 providing an effective date; providing an expiration date; and
4 declaring an emergency.

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

6 **Sec. 1.** RCW 39.94.040 and 1989 c 356 s 4 are each amended to read
7 as follows:

8 (1) Except as provided in RCW 28B.10.022, the state may not enter
9 into any financing contract if the aggregate principal amount payable
10 thereunder is greater than an amount to be established from time to
11 time by the state finance committee or participate in a program
12 providing for the issuance of certificates of participation, including
13 any contract for credit enhancement, without the prior approval of the
14 state finance committee. Except as provided in RCW 28B.10.022, the
15 state finance committee shall approve the form of all financing
16 contracts or a standard format for all financing contracts. The state
17 finance committee also may:

18 (a) Consolidate existing or potential financing contracts into
19 master financing contracts with respect to property acquired by one or

1 more agencies, departments, instrumentalities of the state, the state
2 board for community (~~college education~~) and technical colleges, or a
3 state institution of higher learning;

4 (b) Approve programs providing for the issuance of certificates of
5 participation in master financing contracts;

6 (c) Enter into agreements with trustees relating to master
7 financing contracts; and

8 (d) Make appropriate rules for the performance of its duties under
9 this chapter.

10 (2) In the performance of its duties under this chapter, the state
11 finance committee may consult with representatives from the department
12 of general administration, the office of financial management, and the
13 department of information services.

14 (3) With the approval of the state finance committee, the state
15 also may enter into agreements with trustees relating to financing
16 contracts and the issuance of certificates of participation.

17 (4) The state may not enter into any financing contract for real
18 property without prior approval of the legislature.

19 (5) The state may not enter into a financing contract for real
20 property except under section 2 of this act.

21 NEW SECTION. Sec. 2. A new section is added to chapter 39.94 RCW
22 to read as follows:

23 (1) All financing contracts for real property are subject to the
24 following conditions:

25 (a) All financing contracts for real property proposed by the
26 governor shall be submitted separate from all other legislation,
27 including the capital budget;

28 (b) All financing contracts for real property authorized by the
29 legislature shall be enacted separate from all other legislation,
30 whether codified or uncodified, including the capital budget;

31 (c) Prior to state finance committee approval, an entity in RCW
32 39.94.040(1)(a) shall provide justification for the proposed financing
33 contract for real property to the office of financial management for
34 approval. Specific criteria and a process for this justification shall
35 be developed jointly by the office of financial management, the state
36 treasurer's office, and the legislature, and be included in the
37 authorizing legislation when appropriate. The criteria shall include,
38 but not be limited to: (i) Demonstrating present value savings,

1 including the market value of the asset being acquired, greater than
2 the existing pattern of expenditures for the same purpose; (ii)
3 demonstrating that revenues generated by the project will be sufficient
4 to meet debt-service requirements; or (iii) demonstrating that a
5 dedicated source of revenues, other than specific state appropriations
6 for the same purpose, will be sufficient to meet the debt-service
7 requirements;

8 (d) All financing contracts for real property proposed by the
9 governor shall include the total cost of the project, the amount of the
10 project being financed by the contract, future capital and operating
11 costs, and the source of revenues to meet the debt-service requirements
12 and future capital and operating costs; and

13 (e) The approval to enter into financing contracts will terminate
14 four years after the effective date of the legislation approving such
15 financing contracts. The termination shall not be construed as
16 affecting any contract entered into prior to the termination date.

17 (2) The state treasurer's office shall report annually to the
18 legislature on the use of financing contracts for real property.

19 NEW SECTION. Sec. 3. Section 802, chapter 16, Laws of 1995 2nd sp.
20 sess. (uncodified), and as amended expires June 30, 2001.

21 NEW SECTION. Sec. 4. This act shall not be construed as affecting
22 any completed project, exempt project authorized before the effective
23 date of this section, existing right acquired, or existing liability or
24 obligation incurred under the sections amended or created in this act
25 or under any rule or order adopted under those sections, nor as
26 affecting any proceeding instituted under those sections.

27 NEW SECTION. Sec. 5. (1) Section 3 of this act takes effect June
28 30, 1997.

29 (2) Sections 1, 2, and 4 of this act are necessary for the
30 immediate preservation of the public peace, health, or safety, or
31 support of the state government and its existing public institutions,
32 and shall take effect immediately.

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