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HOUSE BILL 2436

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State of Washington

54th Legislature

1996 Regular Session

By Representatives Sehlin and Ogden; by request of State Treasurer

Read first time 01/10/96. Referred to Committee on Capital Budget.

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) After the effective date of this section, all financing  
32 contracts for real property shall require a sixty percent super-  
33 majority vote of both chambers of the legislature; and

34 (d) Prior to state finance committee approval, an entity in RCW  
35 39.94.040(1)(a) shall provide justification for the proposed financing  
36 contract for real property. Specific criteria and a process for this  
37 justification shall be developed jointly by the office of financial  
38 management, the state treasurer's office, and the legislature, and be

1 included in the authorizing legislation when appropriate. The criteria  
2 shall include, but not be limited to: (i) Demonstrating present value  
3 savings greater than the existing pattern of expenditures for the same  
4 purpose; or (ii) demonstrating that revenues generated by the project  
5 will be sufficient to meet debt-service requirements.

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

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

10 NEW SECTION. **Sec. 4.** This act shall not be construed as affecting  
11 any completed project, exempt project authorized before the effective  
12 date of this section, existing right acquired, or existing liability or  
13 obligation incurred under the sections amended or created in this act  
14 or under any rule or order adopted under those sections, nor as  
15 affecting any proceeding instituted under those sections.

16 NEW SECTION. **Sec. 5.** (1) Section 3 of this act takes effect June  
17 30, 1997.

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

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