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HOUSE BILL 1170

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State of Washington                      55th Legislature                      1997 Regular Session

By Representatives Sehlin and Ogden

Read first time 01/16/97. Referred to Committee on Capital Budget.

1            AN ACT Relating to state general obligation bonds and related  
2 accounts; amending RCW 70.146.030, 39.42.060, 43.99I.020, 43.99I.040,  
3 43.99I.090, 43.99K.010, and 43.99K.020; adding new chapters to Title 43  
4 RCW; repealing RCW 43.99I.050; and declaring an emergency.

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

6            NEW SECTION.    **Sec. 1.** For the purpose of providing funds to  
7 finance the projects described and authorized by the legislature in the  
8 capital and operating appropriations acts for the 1997-99 fiscal  
9 biennium, and all costs incidental thereto, the state finance committee  
10 is authorized to issue general obligation bonds of the state of  
11 Washington in the sum of nine hundred ninety-eight million three  
12 hundred fifty thousand dollars, or as much thereof as may be required,  
13 to finance these projects and all costs incidental thereto. Bonds  
14 authorized in this section may be sold at such price as the state  
15 finance committee shall determine. No bonds authorized in this section  
16 may be offered for sale without prior legislative appropriation of the  
17 net proceeds of the sale of the bonds.

1        NEW SECTION.    **Sec. 2.**    The proceeds from the sale of the bonds  
2 authorized in section 1 of this act shall be deposited in the state  
3 building construction account created by RCW 43.83.020. The proceeds  
4 shall be transferred as follows:

5        (1) Eight hundred fifty-six million dollars to remain in the state  
6 building construction account created by RCW 43.83.020;

7        (2) Thirty-five million dollars to the outdoor recreation account  
8 created by RCW 43.99.060;

9        (3) Thirty-five million dollars to the habitat conservation account  
10 created by RCW 43.98A.020;

11       (4) One million six hundred thousand dollars to the public safety  
12 reimbursable bond account; and

13       (5) Forty million eight hundred thousand dollars to the higher  
14 education construction account created by RCW 28B.14D.040.

15       These proceeds shall be used exclusively for the purposes specified  
16 in this section and for the payment of expenses incurred in the  
17 issuance and sale of the bonds issued for the purposes of this section,  
18 and shall be administered by the office of financial management subject  
19 to legislative appropriation.

20       NEW SECTION.    **Sec. 3.**    (1) The state general obligation bond  
21 retirement fund shall be used for the payment of the principal of and  
22 interest on the bonds authorized in section 2 (1), (2), (3), (4), and  
23 (5) of this act.

24       (2) The state finance committee shall, on or before June 30th of  
25 each year, certify to the state treasurer the amount needed in the  
26 ensuing twelve months to meet the bond retirement and interest  
27 requirements. On the date on which any interest or principal and  
28 interest payment is due, the state treasurer shall withdraw from any  
29 general state revenues received in the state treasury and deposit in  
30 the state general obligation bond retirement fund an amount equal to  
31 the amount certified by the state finance committee to be due on the  
32 payment date.

33       (3) On each date on which any interest or principal and interest  
34 payment is due on bonds issued for the purposes of section 2(4) of this  
35 act, the state treasurer shall transfer from the public safety and  
36 education account to the general fund of the state treasury the amount  
37 computed in subsection (2) of this section for the bonds issued for the  
38 purposes of section 2(4) of this act.

1 (4) On each date on which any interest or principal and interest  
2 payment is due on bonds issued for the purposes of section 2(5) of this  
3 act, the board of regents of the University of Washington shall cause  
4 to be paid out of University of Washington nonappropriated local funds  
5 to the state treasurer for deposit into the general fund of the state  
6 treasury the amount computed in subsection (2) of this section for  
7 bonds issued for the purposes of section 2(5) of this act.

8 (5) Bonds issued under this section and sections 1 and 2 of this  
9 act shall state that they are a general obligation of the state of  
10 Washington, shall pledge the full faith and credit of the state to the  
11 payment of the principal thereof and the interest thereon, and shall  
12 contain an unconditional promise to pay the principal and interest as  
13 the same shall become due.

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

18 NEW SECTION. **Sec. 4.** The legislature may provide additional means  
19 for raising moneys for the payment of the principal of and interest on  
20 the bonds authorized in section 1 of this act, and section 3 of this  
21 act shall not be deemed to provide an exclusive method for the payment.

22 NEW SECTION. **Sec. 5.** The bonds authorized in section 1 of this  
23 act shall be a legal investment for all state funds or funds under  
24 state control and for all funds of any other public body.

25 **Sec. 6.** RCW 70.146.030 and 1996 c 37 s 2 are each amended to read  
26 as follows:

27 (1) The water quality account is hereby created in the state  
28 treasury. Moneys in the account may be used only in a manner  
29 consistent with this chapter. Moneys deposited in the account shall be  
30 administered by the department of ecology and shall be subject to  
31 legislative appropriation. Moneys placed in the account shall include  
32 tax receipts as provided in RCW 82.24.027, 82.26.025, and 82.32.390,  
33 principal and interest from the repayment of any loans granted pursuant  
34 to this chapter, and any other moneys appropriated to the account by  
35 the legislature.

1 (2) The department may use or permit the use of any moneys in the  
2 account to make grants or loans to public bodies, including grants to  
3 public bodies as cost-sharing moneys in any case where federal, local,  
4 or other funds are made available on a cost-sharing basis, for water  
5 pollution control facilities and activities, or for purposes of  
6 assisting a public body to obtain an ownership interest in water  
7 pollution control facilities and/or to defray a part of the payments  
8 made by a public body to a service provider under a service agreement  
9 entered into pursuant to RCW 70.150.060, within the purposes of this  
10 chapter and for related administrative expenses. No more than three  
11 percent of the moneys deposited in the account may be used by the  
12 department to pay for the administration of the grant and loan program  
13 authorized by this chapter.

14 (3) Beginning with the biennium ending June 30, 1997, the  
15 department shall present a biennial progress report on the use of  
16 moneys from the account to the chairs of the senate committee on ways  
17 and means and the house of representatives committee on appropriations.  
18 The first report is due June 30, 1996, and the report for each  
19 succeeding biennium is due December 31 of the odd-numbered year. The  
20 report shall consist of a list of each recipient, project description,  
21 and amount of the grant, loan, or both.

22 (4) (~~During the fiscal biennium ending June 30, 1997,~~) Moneys in  
23 the account may be transferred by the legislature to the water right  
24 permit processing account and the debt service for reimbursable bonds  
25 excluded from the debt limit account.

26 (5) The state treasurer may use or permit the use of any moneys in  
27 the account for payment of principal and interest on the bonds  
28 authorized in section 7 of this act.

29 NEW SECTION. Sec. 7. (1) For the purpose of providing funds for  
30 programs and projects to address water quality, the state finance  
31 committee is authorized to issue bonds of the state of Washington in  
32 the sum of one hundred fifty-four million six hundred forty thousand  
33 dollars or so much thereof as may be required to finance programs and  
34 projects consistent with chapter 70.146 RCW, and all costs incidental  
35 thereto. No bonds authorized by chapter . . . , Laws of 1997 (this act)  
36 shall be offered for sale without prior legislative appropriation of  
37 the net proceeds of sale of bonds.

1 (2) The proceeds from the sale of bonds authorized by chapter . .  
2 ., Laws of 1997 (this act) shall be deposited in the water quality  
3 account and shall be used exclusively for the purposes specified in  
4 chapter 70.146 RCW and for payment of the expenses incurred in the  
5 issuance and sale of the bonds.

6 (3) The proceeds from the sale of bonds deposited in the water  
7 quality account under the terms of chapter . . ., Laws of 1997 (this  
8 act) shall be administered by the department of ecology subject to  
9 legislative appropriation. The department of ecology may use or permit  
10 the use of any funds derived from the sale of bonds authorized under  
11 chapter . . ., Laws of 1997 (this act) by direct expenditures and by  
12 grants or loans to public bodies, including grants to public bodies as  
13 matching funds for federal, local, and other funds that may be  
14 available on a matching basis in accordance with chapter 39.42 RCW.

15 (4) The state finance committee is authorized to prescribe the  
16 form, terms, conditions, prices, and covenants of the bonds, the time  
17 or times of sale of all or any portion of them, and the conditions and  
18 manner of their sale and issuance.

19 (5) The state general obligation bond retirement fund shall be used  
20 for the payment of the principal of and interest on the bonds  
21 authorized in this section.

22 (6)(a) On or before June 30th of each year the state finance  
23 committee shall certify to the state treasurer the amount needed in the  
24 ensuing fiscal year for the payment of principal and interest on the  
25 bonds. On each date on which any interest or principal and interest  
26 payment is due, the state treasurer shall withdraw from any general  
27 state revenues received in the state treasury and deposit in the state  
28 general obligation bond retirement fund an amount certified by the  
29 state finance committee to be due on the payment date.

30 (b) On each date on which any interest or principal is due, the  
31 state treasurer shall cause an amount equal to the amount certified by  
32 the state finance committee under (a) of this subsection to be paid out  
33 of the water quality account for deposit into the general fund of the  
34 state treasury.

35 (7) The bonds issued under this section shall state that they are  
36 an obligation of the state of Washington, shall pledge the full faith  
37 and credit of the state to the payment of the principal thereof and the  
38 interest thereon, and shall contain an unconditional promise to pay the  
39 principal and interest as the same shall become due.

1 (8) The legislature may provide additional means for raising moneys  
2 for the payment of the principal and interest of the bonds authorized  
3 in this section, and chapter . . . , Laws of 1997 (this act) shall not  
4 be deemed to provide an exclusive method for such payment.

5 (9) The bonds authorized in this section shall be a legal  
6 investment for all state funds or for funds under state control and for  
7 all funds of any other public body.

8 NEW SECTION. **Sec. 8.** The bonds authorized in section 7 of this  
9 act are exempt from the statutory limitations of indebtedness under RCW  
10 39.42.060.

11 **Sec. 9.** RCW 39.42.060 and 1993 c 52 s 1 are each amended to read  
12 as follows:

13 No bonds, notes, or other evidences of indebtedness for borrowed  
14 money shall be issued by the state which will cause the aggregate debt  
15 contracted by the state to exceed that amount for which payments of  
16 principal and interest in any fiscal year would require the state to  
17 expend more than seven percent of the arithmetic mean of its general  
18 state revenues, as defined in section 1(c) of Article VIII of the  
19 Washington state Constitution for the three immediately preceding  
20 fiscal years as certified by the treasurer in accordance with RCW  
21 39.42.070. It shall be the duty of the state finance committee to  
22 compute annually the amount required to pay principal of and interest  
23 on outstanding debt. In making such computation, the state finance  
24 committee shall include all borrowed money represented by bonds, notes,  
25 or other evidences of indebtedness which are secured by the full faith  
26 and credit of the state or are required to be paid, directly or  
27 indirectly, from general state revenues and which are incurred by the  
28 state, any department, authority, public corporation or quasi public  
29 corporation of the state, any state university or college, or any other  
30 public agency created by the state but not by counties, cities, towns,  
31 school districts, or other municipal corporations, and shall include  
32 debt incurred pursuant to section 3 of Article VIII of the Washington  
33 state Constitution, but shall exclude the following:

34 (1) Obligations for the payment of current expenses of state  
35 government;

36 (2) Indebtedness incurred pursuant to RCW 39.42.080 or 39.42.090;

37 (3) Principal of and interest on bond anticipation notes;

1 (4) Any indebtedness which has been refunded;

2 (5) Financing contracts entered into under chapter 39.94 RCW;

3 (6) Indebtedness authorized or incurred before July 1, 1993,  
4 pursuant to statute which requires that the state treasury be  
5 reimbursed, in the amount of the principal of and the interest on such  
6 indebtedness, from money other than general state revenues or from the  
7 special excise tax imposed pursuant to chapter 67.40 RCW;

8 (7) Indebtedness authorized and incurred after July 1, 1993,  
9 pursuant to statute that requires that the state treasury be  
10 reimbursed, in the amount of the principal of and the interest on such  
11 indebtedness, from (a) moneys outside the state treasury, except higher  
12 education operating fees, (b) higher education building fees, (c)  
13 indirect costs recovered from federal grants and contracts, and (d)  
14 fees and charges associated with hospitals operated or managed by  
15 institutions of higher education; ((and))

16 (8) Any agreement, promissory note, or other instrument entered  
17 into by the state finance committee under RCW 39.42.030 in connection  
18 with its acquisition of bond insurance, letters of credit, or other  
19 credit support instruments for the purpose of guaranteeing the payment  
20 or enhancing the marketability, or both, of any state bonds, notes, or  
21 other evidence of indebtedness; and

22 (9) Indebtedness incurred under section 7 of this act.

23 To the extent necessary because of the constitutional or statutory  
24 debt limitation, priorities with respect to the issuance or  
25 guaranteeing of bonds, notes, or other evidences of indebtedness by the  
26 state shall be determined by the state finance committee.

27 **Sec. 10.** RCW 43.99I.020 and 1992 c 235 s 2 are each amended to  
28 read as follows:

29 Bonds issued under RCW 43.99I.010 are subject to the following  
30 conditions and limitations:

31 General obligation bonds of the state of Washington in the sum of  
32 one billion two hundred ((~~eighty-four~~)) seventy-one million sixty-five  
33 thousand dollars, or so much thereof as may be required, shall be  
34 issued for the purposes described and authorized by the legislature in  
35 the capital and operating appropriations acts for the 1991-93 fiscal  
36 biennium and subsequent fiscal biennia, and to provide for the  
37 administrative cost of such projects, including costs of bond issuance  
38 and retirement, salaries and related costs of officials and employees

1 of the state, costs of insurance or credit enhancement agreements, and  
2 other expenses incidental to the administration of capital projects.  
3 Subject to such changes as may be required in the appropriations acts,  
4 the proceeds from the sale of the bonds issued for the purposes of this  
5 subsection shall be deposited in the state building construction  
6 account created by RCW 43.83.020 and transferred as follows:

7 (1) Eight hundred thirty-five thousand dollars to the state higher  
8 education construction account created by RCW 28B.10.851;

9 (2) Eight hundred seventy-one million dollars to the state building  
10 construction account created by RCW 43.83.020;

11 ~~(3) ((Fifteen million dollars to the energy efficiency construction  
12 account created by RCW 39.35C.100;~~

13 ~~(4) Three))~~ Two million ~~((fifty))~~ eight hundred thousand dollars to  
14 the energy efficiency services account created by RCW 39.35C.110;

15 ~~((+5))~~ (4) Two hundred fifty-five million five hundred thousand  
16 dollars to the common school reimbursable construction account hereby  
17 created in the state treasury;

18 ~~((+6))~~ (5) Ninety-eight million six hundred forty-eight thousand  
19 dollars to the higher education reimbursable construction account  
20 hereby created in the state treasury;

21 ~~((+7))~~ (6) Three million two hundred eighty-four thousand dollars  
22 to the data processing building construction account created in RCW  
23 43.99I.100; and

24 ~~((+8))~~ (7) Nine hundred thousand dollars to the Washington state  
25 dairy products commission facility account created in RCW 43.99I.110.

26 These proceeds shall be used exclusively for the purposes specified  
27 in this subsection, and for the payment of expenses incurred in the  
28 issuance and sale of the bonds issued for the purposes of this section,  
29 and shall be administered by the office of financial management,  
30 subject to legislative appropriation.

31 **Sec. 11.** RCW 43.99I.040 and 1992 c 235 s 3 are each amended to  
32 read as follows:

33 (1) ~~((On each date on which any interest or principal and interest  
34 payment is due on bonds issued for the purposes of RCW 43.99I.020 (3)  
35 and (4), the state treasurer shall transfer from the energy efficiency  
36 construction account created in RCW 39.35C.100 to the general fund of  
37 the state treasury the amount computed in RCW 43.99I.030 for the bonds  
38 issued for the purposes of RCW 43.99I.020 (3) and (4).~~



1       ~~(2)~~) On each date on which any interest or principal and interest  
2 payment is due on bonds issued for the purposes of RCW  
3 43.99I.020(~~(+5)~~) (4), the state treasurer shall transfer from property  
4 taxes in the state general fund levied for this support of the common  
5 schools under RCW 84.52.065 to the general fund of the state treasury  
6 for unrestricted use the amount computed in RCW 43.99I.030 for the  
7 bonds issued for the purposes of RCW 43.99I.020(~~(+5)~~) (4).

8       (~~(+3)~~) (2) On each date on which any interest or principal and  
9 interest payment is due on bonds issued for the purposes of RCW  
10 43.99I.020(~~(+6)~~) (5), the state treasurer shall transfer from higher  
11 education operating fees deposited in the general fund to the general  
12 fund of the state treasury for unrestricted use, or if chapter 231,  
13 Laws of 1992 (Senate Bill No. 6285) becomes law and changes the  
14 disposition of higher education operating fees from the general fund to  
15 another account, the state treasurer shall transfer the proportional  
16 share from the University of Washington operating fees account, the  
17 Washington State University operating fees account, and the Central  
18 Washington University operating fees account the amount computed in RCW  
19 43.99I.030 for the bonds issued for the purposes of RCW  
20 43.99I.020(~~(+7)~~) (6).

21       (~~(+4)~~) (3) On each date on which any interest or principal and  
22 interest payment is due on bonds issued for the purposes of RCW  
23 43.99I.020(~~(+7)~~) (6), the state treasurer shall transfer from the data  
24 processing revolving (~~(account-[fund])~~) fund created in RCW 43.105.080  
25 to the general fund of the state treasury the amount computed in RCW  
26 43.99I.030 for the bonds issued for the purposes of RCW  
27 43.99I.020(~~(+7)~~) (6).

28       (~~(+5)~~) (4) On each date on which any interest or principal and  
29 interest payment is due on bonds issued for the purpose of RCW  
30 43.99I.020(~~(+8)~~) (7), the Washington state dairy products commission  
31 shall cause the amount computed in RCW 43.99I.030 for the bonds issued  
32 for the purposes of RCW 43.99I.020(~~(+8)~~) (7) to be paid out of the  
33 commission's general operating fund to the state treasurer for deposit  
34 into the general fund of the state treasury.

35       (5) The higher education operating fee accounts for the University  
36 of Washington, Washington State University, and Central Washington  
37 University established by chapter 231, Laws of 1992 and repealed by  
38 chapter 18, Laws of 1993 1st sp. sess. are reestablished in the state  
39 treasury for purposes of fulfilling debt service reimbursement

1 transfers to the general fund required by bond resolutions and  
2 covenants for bonds issued for purposes of RCW 43.99I.020(5).

3 (6) For bonds issued for purposes of RCW 43.99I.020(5), on each  
4 date on which any interest or principal and interest payment is due,  
5 the board of regents or board of trustees of the University of  
6 Washington, Washington State University, or Central Washington  
7 University shall cause the amount as determined by the state treasurer  
8 to be paid out of the local operating fee account for deposit by the  
9 universities into the state treasury higher education operating fee  
10 accounts. The state treasurer, bond retirement and interest, shall  
11 transfer the proportional share from the University of Washington  
12 operating fees account, the Washington State University operating fees  
13 account, and the Central Washington University operating fees account  
14 the amount computed in RCW 43.99I.030 for the bonds issued for the  
15 purposes of RCW 43.99I.020(6) to reimburse the general fund.

16 **Sec. 12.** RCW 43.99I.090 and 1992 c 235 s 5 are each amended to  
17 read as follows:

18 The bonds authorized by RCW 43.99I.020(~~(+8)~~) (7) shall be issued  
19 only after the director of financial management has (a) certified that,  
20 based on the future income from assessments levied pursuant to chapter  
21 15.44 RCW and other revenues collected by the Washington state dairy  
22 products commission, an adequate balance will be maintained in the  
23 commission's general operating fund to pay the interest or principal  
24 and interest payments due under RCW 43.99I.040(~~(+4)~~) (3) for the life  
25 of the bonds; and (b) approved the facility to be acquired using the  
26 bond proceeds.

27 **Sec. 13.** RCW 43.99K.010 and 1995 2nd sp.s. c 17 s 1 are each  
28 amended to read as follows:

29 For the purpose of providing funds to finance the projects  
30 described and authorized by the legislature in the capital and  
31 operating appropriations acts for the 1995-97 fiscal biennium, and all  
32 costs incidental thereto, the state finance committee is authorized to  
33 issue general obligation bonds of the state of Washington in the sum of  
34 ~~((eight hundred eleven million))~~ nine hundred twelve million one  
35 hundred thousand dollars, or as much thereof as may be required, to  
36 finance these projects and all costs incidental thereto. Bonds  
37 authorized in this section may be sold at such price as the state

1 finance committee shall determine. No bonds authorized in this section  
2 may be offered for sale without prior legislative appropriation of the  
3 net proceeds of the sale of the bonds.

4 **Sec. 14.** RCW 43.99K.020 and 1995 2nd sp.s. c 17 s 2 are each  
5 amended to read as follows:

6 The proceeds from the sale of the bonds authorized in RCW  
7 43.99K.010 shall be deposited in the state building construction  
8 account created by RCW 43.83.020. The proceeds shall be transferred as  
9 follows:

10 (1) (~~Seven hundred eighty million~~) Eight hundred twenty-eight  
11 million two hundred twenty-six thousand dollars to remain in the state  
12 building construction account created by RCW 43.83.020;

13 (2) (~~Twenty million~~) Twenty-two million five hundred thousand  
14 dollars to the outdoor recreation account created by RCW 43.99.060;

15 (3) (~~Eighteen million six~~) Twenty-one million one hundred  
16 thousand dollars to the habitat conservation account created by RCW  
17 43.98A.020;

18 (4) Two million nine hundred twelve thousand dollars to the public  
19 safety reimbursable bond account; and

20 (5) Ten million dollars to the higher education construction  
21 account created by RCW 28B.14D.040.

22 These proceeds shall be used exclusively for the purposes specified  
23 in this section and for the payment of expenses incurred in the  
24 issuance and sale of the bonds issued for the purposes of this section,  
25 and shall be administered by the office of financial management subject  
26 to legislative appropriation.

27 NEW SECTION. **Sec. 15.** RCW 43.99I.050 and 1991 sp.s. c 31 s 5 are  
28 each repealed.

29 NEW SECTION. **Sec. 16.** (1) Sections 1 through 5 of this act  
30 constitute a new chapter in Title 43 RCW.

31 (2) Sections 7 and 8 of this act constitute a new chapter in Title  
32 43 RCW.

33 NEW SECTION. **Sec. 17.** If any provision of this act or its  
34 application to any person or circumstance is held invalid, the

1 remainder of the act or the application of the provision to other  
2 persons or circumstances is not affected.

3 NEW SECTION. **Sec. 18.** Sections 10 through 15 of this act are  
4 necessary for the immediate preservation of the public peace, health,  
5 or safety, or support of the state government and its existing public  
6 institutions, and takes effect immediately.

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