

FINAL BILL REPORT

SSB 5728

C 284 L 99

Synopsis as Enacted

Brief Description: Determining the validity of proposed bond issues.

Sponsors: Senate Committee on State & Local Government (originally sponsored by Senators Winsley, Haugen, McCaslin and Hale).

Senate Committee on State & Local Government

House Committee on Judiciary

Background: A local government entity that wishes to issue a bond may follow a statutorily prescribed procedure to determine if the issuance is valid. The procedure involves a lawsuit with the government entity acting as the plaintiff and the affected citizens who must repay the bond acting as the defendant. Both sides of the suit are funded by the government. A court decision regarding the validity of the bond is binding on all parties to the suit.

If a controversy arises after the court issues a decision, the government may face new litigation. This may result in a challenge after the bonds have been issued and sold, creating problems for the government entity and bond holders.

It has been suggested that the statute's language is confusing and may not be broad enough to cover all situations that may arise. It has also been suggested that the process could be simplified to avoid duplicitous litigation.

Summary: Provisions for testing and determining the validity of bond issues are expanded to include the state. Only one suit on a bond issuance is allowed and the judgment of the court must be binding upon all persons.

References to taxpayers— are replaced by interested parties— which includes taxpayers, ratepayers, or any other person who has any interest in the bond or the project for which the bond is issued.

A new provision is added requiring that notice of the action be published in the newspaper. Definitions are added and other clarifying and technical changes are made.

Votes on Final Passage:

Senate	41	1	
House	95	0	(House amended)
Senate	47	0	(Senate concurred)

Effective: July 25, 1999