CERTIFICATION OF ENROLLMENT

HOUSE BILL 1495

Chapter 230, Laws of 1999

56th Legislature
1999 Regular Session

REFUNDING BONDS

EFFECTIVE DATE: 7/25/99

Passed by the House March 10, 1999
Yeas 97  Nays 0

CLYDE BALLARD
Speaker of the House of Representatives

FRANK CHOPP
Speaker of the House of Representatives

Passed by the Senate April 12, 1999
Yeas 48  Nays 0

BRAD OWEN
President of the Senate

Approved May 10, 1999

CERTIFICATE

We, Dean R. Foster and Timothy A. Martin, Co-Chief Clerks of the House of Representatives of the State of Washington, do hereby certify that the attached is HOUSE BILL 1495 as passed by the House of Representatives and the Senate on the dates hereon set forth.

DEAN R. FOSTER  
Chief Clerk

TIMOTHY A. MARTIN  
Chief Clerk

FILED

May 10, 1999 - 4:13 p.m.

GARY LOCKE  
Governor of the State of Washington

Secretary of State
State of Washington
HOUSE BILL 1495

Passed Legislature - 1999 Regular Session

State of Washington 56th Legislature 1999 Regular Session

By Representative Fisher

Read first time 01/27/1999. Referred to Committee on Capital Budget.

AN ACT Relating to refunding obligations; amending RCW 39.53.010, 39.53.020, 39.53.030, 39.53.040, 39.53.050, 39.53.060, 39.53.070, 39.53.080, 39.53.090, 39.53.110, 39.53.120, and 39.53.140; and creating a new section.

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

Sec. 1. RCW 39.53.010 and 1984 c 186 s 68 are each amended to read as follows:

Except where the context otherwise requires, the definitions in this section (shall for all purposes have the meanings herein specified) apply throughout this chapter:

(1) "Governing body" means the council, commission, board of commissioners, board of directors, board of trustees, board of regents, or other legislative body of the public body designated herein in which body the legislative powers of the public body are vested: PROVIDED, That with respect to the state it shall mean the state finance committee.

(2) "Public body" means the state of Washington, its agencies, institutions, political subdivisions, and municipal and quasi municipal...
corporations now or hereafter existing under the laws of the state of Washington.

(3)) (6) "Bond" means any revenue bond or general obligation bond.

(((4)) "Revenue bond" means any bond, note, warrant, certificate of indebtedness, or other obligation for the payment of money issued by a public body or any predecessor of any public body and which is payable from designated revenues, special assessments, or a special fund but excluding any obligation constituting an indebtedness within the meaning of the constitutional debt limitation.

(((5))) (2) "General obligation bond" means any bond, note, warrant, certificate of indebtedness, or other obligation of a public body which constitutes an indebtedness within the meaning of the constitutional debt limitation.

(((6)) "Advance refunding bonds" means bonds issued for the purpose of refunding bonds first subject to redemption or maturing one year or more from the date of the advance refunding bonds.

(7))) (3) "Governing body" means the council, commission, board of commissioners, board of directors, board of trustees, board of regents, or other legislative body of the public body designated herein in which the legislative powers of the public body are vested. With respect to the state, "governing body" means the state finance committee.

(4) "Government obligations" means any of the following: (a) Direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America and bank certificates of deposit secured by such obligations; (b) bonds, debentures, notes, participation certificates, or other obligations issued by the banks for cooperatives, the federal intermediate credit bank, the federal home loan bank system, the export-import bank of the United States, federal land banks, or the federal national mortgage association; (c) public housing bonds and project notes fully secured by contracts with the United States; and (d) obligations of financial institutions insured by the federal deposit insurance corporation or the federal savings and loan insurance corporation, to the extent insured or to the extent guaranteed as permitted under any other provision of state law.

(5) "Issuer" means the public body issuing any bond or bonds.

(((8))) (6) "Ordinance" means an ordinance of a city or town, or ordinance, resolution or other instrument by which the governing body of the public body exercising any power ((hereunder)) under this...
chapter takes formal action and adopts legislative provisions and matters of some permanency.

((9) "Government obligations" means any of the following: (a) Direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America and bank certificates of deposit secured by such obligations; (b) bonds, debentures, notes, participation certificates, or other obligations issued by the banks for cooperatives, the federal intermediate credit bank, the federal home loan bank system, the export-import bank of the United States, federal land banks, or the federal national mortgage association; (c) public housing bonds and project notes fully secured by contracts with the United States; and (d) obligations of financial institutions insured by the federal deposit insurance corporation or the federal savings and loan insurance corporation, to the extent insured or to the extent guaranteed as permitted under any other provision of state law.

(10) Words used herein importing singular or plural number may be construed so that one number includes both.) (7) "Public body" means the state of Washington, its agencies, institutions, political subdivisions, and municipal and quasi-municipal corporations now or hereafter existing under the laws of the state of Washington.

(8) "Refunding bonds" means bonds issued for the purpose of paying the principal of or redemption premiums or interest on any outstanding bonds of the issuer, its predecessor, or a related public body.

(9) "Refunding plan" means the plan adopted by an ordinance of a public body to issue refunding bonds and redeem the bonds to be refunded.

(10) "Revenue bond" means any bond, note, warrant, certificate of indebtedness, or other obligation for the payment of money that is payable from designated revenues, special assessments, or a special fund but excluding any obligation constituting an indebtedness within the meaning of the constitutional debt limitation.

Sec. 2. RCW 39.53.020 and 1977 ex.s. c 262 s 1 are each amended to read as follows:

The governing body of any public body may by ordinance provide for the issuance of refunding bonds without an election ((to refund outstanding bonds heretofore or hereafter issued by such public body or its predecessor, only)) (1) in order to pay or discharge all or any
part of (such) an outstanding series or issue of bonds, including any redemption premiums or interest thereon, in arrears or about to become due, and for which sufficient funds are not available, (2) when necessary or in the best interest of the public body (in order) to modify debt service or reserve requirements, sources of payment, covenants, or other terms of the bonds to be refunded, or (3) in order to effect a saving to the public body. To determine whether or not a saving will be effected, consideration shall be given to the interest to fixed maturities of the refunding bonds and the bonds to be refunded, the costs of issuance of the refunding bonds, including any sale discount, the redemption premiums, if any, to be paid, and the known earned income from the investment of the refunding bond proceeds pending redemption of the bonds to be refunded.

Sec. 3. RCW 39.53.030 and 1973 1st ex.s. c 25 s 2 are each amended to read as follows:

Any refunding bonds issued (for refunding purposes) may be delivered in exchange for the (outstanding) bonds (being) to be refunded or may be sold in such manner and at such price as the governing body may in its discretion determine advisable.

Sec. 4. RCW 39.53.040 and 1977 ex.s. c 262 s 2 are each amended to read as follows:

Bonds may be refunded (hereunder) under this chapter or under any other law of this state which authorizes the issuance of refunding bonds. In any (advance) refunding plan under this chapter the governing body shall provide irrevocably in the ordinance authorizing the issuance of the advance refunding bonds for the redemption or payment of the bonds to be refunded.

The ordinance authorizing the issuance of (advance) refunding bonds (pursuant to) under this chapter may contain such provisions for the redemption of the refunding bonds prior to maturity and for payment of a premium upon such redemption as the governing body (shall determine) in its discretion may determine advisable.

Sec. 5. RCW 39.53.050 and 1983 1st ex.s. c 69 s 1 are each amended to read as follows:

(Refunding bonds may be issued in a) The principal amount (in excess of) of refunding bonds may exceed the principal amount of the
bonds to be refunded (in) by an amount deemed reasonably required to effect such refunding. The principal amount of the refunding bonds may be less than or the same as the principal amount of the bonds (being) to be refunded so long as provision is duly and sufficiently made for the retirement or redemption of such bonds to be refunded. Any reserves held to secure the bonds to be refunded, or other available money, may be used to accomplish the refunding in accordance with the refunding plan. Reserves not so used shall be pledged as security for the refunding bonds to the extent the reserves, if any, are required. The balance of any such reserves may be used for any lawful purpose.

Sec. 6. RCW 39.53.060 and 1973 1st ex.s. c 25 s 4 are each amended to read as follows:

Prior to the application of the proceeds derived from the sale of ((advance)) refunding bonds to the purposes for which such bonds ((shall)) have been issued, such proceeds, together with any other funds the governing body may set aside for the payment of the bonds to be refunded, may be invested and reinvested only in government obligations maturing or having guaranteed redemption prices at the option of the holder at such time or times as may be required to provide funds sufficient to pay principal, interest and redemption premiums, if any, in accordance with the ((advance)) refunding plan. To the extent incidental expenses have been capitalized, such bond proceeds may be used to defray such expenses.

Sec. 7. RCW 39.53.070 and 1973 1st ex.s. c 25 s 5 are each amended to read as follows:

The governing body may contract with respect to the safekeeping and application of the ((advance)) refunding bond proceeds and other funds included therewith and the income therefrom including the right to appoint a trustee which may be any trust company or state or national bank having powers of a trust company within or without the state of Washington. The governing body may provide in the refunding plan that until such moneys are required to redeem or retire the ((general obligation or revenue)) bonds to be refunded, the refunding bond proceeds and other funds, and the income therefrom shall be used to pay and secure the payment of the principal of and interest on the ((advance)) refunding bonds. The governing body may additionally pledge for the payment of ((such)) revenue refunding bonds any revenues...
which might legally be pledged for the payment of revenue bonds of the issuer of the type ((being)) to be refunded. Provisions must be made by the governing body for moneys sufficient in amount to accomplish the refunding as scheduled.

Sec. 8. RCW 39.53.080 and 1965 ex.s. c 138 s 9 are each amended to read as follows:

When a public body has irrevocably set aside for and pledged to the payment of revenue bonds to be refunded ((advance)) refunding bond proceeds and other moneys in amounts which together with known earned income from the investment thereof are sufficient in amount to pay the principal of and interest and any redemption premiums on such revenue bonds as the same become due and to accomplish the refunding as scheduled, the governing body may provide that the ((advance)) refunding revenue bonds shall be payable from any source which, either at the time of the issuance of the ((advance)) refunding bonds or the revenue bonds to be refunded, might legally be or have been pledged for the payment of the revenue bonds to be refunded to the extent it may legally do so, notwithstanding the pledge of such revenues for the payment of the ((outstanding)) revenue bonds ((being)) to be refunded.

Sec. 9. RCW 39.53.090 and 1965 ex.s. c 138 s 10 are each amended to read as follows:

The various annual maturities of general obligation refunding bonds issued to refund voted general obligation bonds shall not extend over a longer period of time than the bonds to be refunded. Such maturities may be changed in amount or shortened in term if the estimated respective annual principal and interest requirements of the refunding bonds, computed upon the anticipated effective interest rate the governing body shall in its discretion determine will be borne by such bonds, will not exceed the respective annual principal and interest requirements of the bonds ((being)) to be refunded(,__ PROVIDED, That), except the issuer may increase the principal amount of annual maturities for the purpose of rounding out maturities to the nearest five thousand dollars.

Sec. 10. RCW 39.53.110 and 1965 ex.s. c 138 s 12 are each amended to read as follows:
(Bonds for refunding) Refunding bonds and bonds for any other purpose or purposes authorized may be issued separately or issued in combination in one or more series or issues by the same issuer.

Sec. 11. RCW 39.53.120 and 1965 ex.s. c 138 s 13 are each amended to read as follows:

Except as specifically provided in this chapter, refunding bonds issued under this chapter shall be issued in accordance with the provisions of law applicable to the type of bonds of the issuer to be refunded, at the time of the issuance of either the refunding bonds or the bonds to be refunded.

Sec. 12. RCW 39.53.140 and 1974 ex.s. c 111 s 4 are each amended to read as follows:

((The state)) Any public body may issue general obligation refunding bonds to refund any general obligation or revenue bonds of such issuer or its agencies or instrumentalities. The payment of refunding bonds may be additionally secured by a pledge of the revenues pledged to the payment of the revenue bonds to be refunded.

If the payment of revenue bonds to be refunded by general obligation bonds of the state is secured by (1) fees collected by the state as license fees for motor vehicles, or (2) excise taxes collected by the state on the sale, distribution or use of motor vehicle fuel, or (3) interest on the permanent school fund, then the state shall also pledge to the payment of such refunding bonds the same fees, excise taxes, or interest that were pledged to the payment of the revenue bonds to be refunded.

Any public body may issue revenue refunding bonds to refund any general obligation of such issuer or its agencies or instrumentalities if the bonds to be refunded were issued for purposes for which those revenue refunding bonds could be issued.

NEW SECTION. Sec. 13. The authority of a public body to issue refunding bonds pursuant to this act is additional to any existing authority to issue such bonds and nothing in this act shall prevent the
issuance of such bonds pursuant to any other law, and this act shall
not be construed to amend any existing law authorizing the issuance of
refunding bonds by a public body.

NEW SECTION. Sec. 14. If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected.

Passed the House March 10, 1999.
Passed the Senate April 12, 1999.
Approved by the Governor May 10, 1999.
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