

1 6505 AMS S4048.1

2 **SB 6505** - S AMD 572
3 By Senator Gardner

4 ADOPTED 02/16/02

5 Strike everything after the enacting clause and insert the
6 following:

7 "Sec. 1. RCW 35.45.030 and 1983 c 167 s 41 are each amended to
8 read as follows:

9 (1) Local improvement bonds shall be in such denominations as may
10 be provided in the ordinance authorizing their issue and shall be
11 numbered from one upwards consecutively. Each bond shall (a) be signed
12 by the mayor and attested by the clerk, (b) have the seal of the city
13 or town affixed thereto, (c) refer to the improvement to pay for which
14 it is issued and the ordinance ordering it, (d) provide that the
15 principal sum therein named and the interest thereon shall be payable
16 out of the local improvement fund created for the cost and expense of
17 the improvement(~~(, or))~~ and out of the local improvement guaranty fund,
18 unless the ordinance under which it was issued provides that the bonds
19 shall not be secured by the local improvement guaranty fund; and out of
20 a reserve fund, if one is established for such bonds pursuant to RCW
21 35.51.040; or, with respect to interest only, shall be payable out of
22 the general revenues of the city or town, but only if pledged to the
23 payment of such interest pursuant to RCW 35.45.065, and not otherwise,
24 (e) provide that the bond owners' remedy in case of nonpayment shall be
25 confined to the enforcement of the special assessments made for the
26 improvement and to the guaranty fund and reserve fund, as applicable,
27 and (f) be in any form, including bearer bonds or registered bonds as
28 provided in RCW 39.46.030.

29 Any interest coupons may be signed by the mayor and attested by
30 the clerk, or in lieu thereof, may have printed thereon a facsimile of
31 their signatures.

32 (2) Notwithstanding subsection (1) of this section, but subject to
33 RCW 35.45.010, such bonds may be issued and sold in accordance with
34 chapter 39.46 RCW.

1 **Sec. 2.** RCW 35.45.070 and 1965 c 7 s 35.45.070 are each amended to
2 read as follows:

3 (1)(a) Neither the holder nor owner of any bond, interest coupon,
4 ((or)) warrant, or other short-term obligation issued against a local
5 improvement fund shall have any claim therefor against the city or town
6 by which it is issued, except for payment from the special assessments
7 made for the improvement for which the bond or warrant was issued and
8 except also for payment from the local improvement guaranty fund of the
9 city or town as to bonds issued after the creation of a local
10 improvement guaranty fund of that city or town. The city or town shall
11 not be liable to the holder or owner of any bond, interest coupon,
12 ((or)) warrant, or other short-term obligation for any loss to the
13 local improvement guaranty fund occurring in the lawful operation
14 thereof.

15 (b) A copy of the foregoing ((part)) in (a) of this ((section))
16 subsection shall be plainly written, printed, or engraved on each bond,
17 interest coupon, warrant, or other short-term obligation.

18 (2) Notwithstanding the provisions of subsection (1) of this
19 section, with respect to bonds, interest coupons, warrants, or other
20 short-term obligations issued under an ordinance providing that the
21 obligations are not secured by the local improvement guaranty fund:

22 (a) Neither the holder nor owner of any obligation issued against
23 a local improvement fund shall have any claim against the city or town
24 by which it is issued, except for payment from the special assessments
25 made for the improvement for which the obligation was issued.

26 (b) A copy of the foregoing in (a) of this subsection shall be
27 plainly written, printed, or engraved on each bond, interest coupon,
28 warrant, or other short-term obligation.

29 **Sec. 3.** RCW 35.45.080 and 1965 c 7 s 35.45.080 are each amended to
30 read as follows:

31 If a city or town fails to pay any bonds or to promptly collect any
32 local improvement assessments when due, the owner of the bonds may
33 proceed in his own name to collect the assessment and foreclose the
34 lien thereof in any court of competent jurisdiction and shall recover
35 in addition to the amount of the bond and interest thereon, five
36 percent, together with the cost of suit. Any number of holders of
37 bonds for any single improvement may join as plaintiffs and any number

1 of owners of property upon which the assessments are liens may be
2 joined as defendants in the same suit.

3 The owners of local improvement bonds issued by a city or town
4 after the creation of a local improvement guaranty fund therein, shall
5 also have recourse against the local improvement guaranty fund of such
6 city or town unless the ordinance under which the bonds were issued
7 provides that the bonds are not secured by the local improvement
8 guaranty fund.

9 **Sec. 4.** RCW 35.54.010 and 1971 ex.s. c 116 s 7 are each amended to
10 read as follows:

11 (1) There is established in every city and town a fund to be
12 designated the "local improvement guaranty fund" for the purpose of
13 guaranteeing, to the extent of the fund, the payment of its local
14 improvement bonds and warrants or other short-term obligations issued
15 to pay for any local improvement ordered in the city or town or in any
16 area wholly or partly outside its corporate boundaries: (~~(1)~~) (a) In
17 any city of the first class having a population of more than three
18 hundred thousand, subsequent to June 8, 1927; (~~(2)~~) (b) in any city
19 or town having created and maintained a guaranty fund under chapter
20 141, Laws of 1923, subsequent to the date of establishment of such
21 fund; and (~~(3)~~) (c) in any other city or town subsequent to April 7,
22 1926: PROVIDED, That this shall not apply to any city of the first
23 class which maintains a local improvement guaranty fund under chapter
24 138, Laws of 1917, but any such city maintaining a guaranty fund under
25 chapter 138, Laws of 1917 may by ordinance elect to operate under the
26 provisions of this chapter and may transfer to the guaranty fund
27 created hereunder all the assets of the former fund and, upon such
28 election and transfer, all bonds guaranteed under the former fund shall
29 be guaranteed under the provisions of this chapter.

30 (2) The local improvement guaranty fund established under
31 subsection (1) of this section shall not be subject to any claim by the
32 owner or holder of any local improvement bond, warrant, or other short-
33 term obligation issued under an ordinance that provides that such
34 obligations shall not be secured by the local improvement guaranty
35 fund."

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4 On page 1, line 1 of the title, after "districts;" strike the
5 remainder of the title and insert "and amending RCW 35.45.030,
6 35.45.070, 35.45.080, and 35.54.010."

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