

CERTIFICATION OF ENROLLMENT

SENATE BILL 6818

Chapter 240, Laws of 2002

57th Legislature
2002 Regular Session

GENERAL OBLIGATION BONDS

EFFECTIVE DATE: 3/28/02

Passed by the Senate March 14, 2002
YEAS 43 NAYS 1

BRAD OWEN

President of the Senate

Passed by the House March 14, 2002
YEAS 63 NAYS 35

FRANK CHOPP

**Speaker of the
House of Representatives**

CERTIFICATE

I, Tony M. Cook, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **SENATE BILL 6818** as passed by the Senate and the House of Representatives on the dates hereon set forth.

TONY M. COOK

Secretary

Approved March 28, 2002

FILED

March 28, 2002 - 11:27 a.m.

GARY LOCKE

Governor of the State of Washington

**Secretary of State
State of Washington**

SENATE BILL 6818

AS AMENDED BY THE HOUSE

Passed Legislature - 2002 Regular Session

State of Washington 57th Legislature 2002 Regular Session

By Senators Fairley and Zarelli

Read first time 02/20/2002. Referred to Committee on Ways & Means.

1 AN ACT Relating to state general obligation bonds; amending RCW
2 39.42.060 and 39.42.070; adding a new chapter to Title 43 RCW; and
3 declaring an emergency.

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

5 NEW SECTION. **Sec. 1.** For the purpose of providing funds for the
6 construction, reconstruction, planning, design, and other necessary
7 costs of the various facilities defined in chapter . . . (Senate Bill
8 No. 6396), Laws of 2002, the state finance committee is authorized to
9 issue general obligation bonds of the state of Washington in the sum of
10 eighty-nine million seven hundred thousand dollars, or as much thereof
11 as may be required, to finance these projects and all costs incidental
12 thereto. Bonds authorized in this section may be sold at such price as
13 the state finance committee shall determine. No bonds authorized in
14 this section may be offered for sale without prior legislative
15 appropriation of the net proceeds of the sale of the bonds.

16 NEW SECTION. **Sec. 2.** (1) The proceeds from the sale of the bonds
17 authorized in section 1 of this act shall be deposited in the state
18 building construction account created by RCW 43.83.020, with eighty-

1 seven million five hundred thousand dollars to remain in the state
2 building construction account created by RCW 43.83.020. If the state
3 finance committee deems it necessary to issue the bonds authorized in
4 section 1 of this act as taxable bonds in order to comply with federal
5 internal revenue service rules and regulations pertaining to the use of
6 nontaxable bond proceeds, the proceeds of such additional taxable bonds
7 shall be transferred to the state taxable building construction account
8 in lieu of any transfer otherwise provided by this section. The state
9 treasurer shall submit written notice to the director of financial
10 management if it is determined that any such additional transfer to the
11 state taxable building construction account is necessary. Moneys in
12 the account may be spent only after appropriation.

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

18 NEW SECTION. **Sec. 3.** (1) The debt-limit general fund bond
19 retirement account shall be used for the payment of the principal of
20 and interest on the bonds authorized in section 1 of this act.

21 (2) The state finance committee shall, on or before June 30th of
22 each year, certify to the state treasurer the amount needed in the
23 ensuing twelve months to meet the bond retirement and interest
24 requirements on the bonds authorized in section 1 of this act.

25 (3) On each date on which any interest or principal and interest
26 payment is due on bonds issued for the purposes of section 1 of this
27 act the state treasurer shall withdraw from any general state revenues
28 received in the state treasury and deposit in the debt-limit general
29 fund bond retirement account an amount equal to the amount certified by
30 the state finance committee to be due on the payment date.

31 NEW SECTION. **Sec. 4.** (1) Bonds issued under section 1 of this act
32 shall state that they are a general obligation of the state of
33 Washington, shall pledge the full faith and credit of the state to the
34 payment of the principal thereof and the interest thereon, and shall
35 contain an unconditional promise to pay the principal and interest as
36 the same shall become due.

1 (2) The owner and holder of each of the bonds or the trustee for
2 the owner and holder of any of the bonds may by mandamus or other
3 appropriate proceeding require the transfer and payment of funds as
4 directed in this section.

5 NEW SECTION. **Sec. 5.** The legislature may provide additional means
6 for raising moneys for the payment of the principal of and interest on
7 the bonds authorized in section 1 of this act, and sections 2 and 3 of
8 this act shall not be deemed to provide an exclusive method for the
9 payment.

10 NEW SECTION. **Sec. 6.** The bonds authorized in section 1 of this
11 act shall be a legal investment for all state funds or funds under
12 state control and for all funds of any other public body.

13 **Sec. 7.** RCW 39.42.060 and 2001 2nd sp.s. c 9 s 18 are each amended
14 to read as follows:

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

- 1 (1) Obligations for the payment of current expenses of state
2 government;
- 3 (2) Indebtedness incurred pursuant to RCW 39.42.080 or 39.42.090;
- 4 (3) Principal of and interest on bond anticipation notes;
- 5 (4) Any indebtedness which has been refunded;
- 6 (5) Financing contracts entered into under chapter 39.94 RCW;
- 7 (6) Indebtedness authorized or incurred before July 1, 1993,
8 pursuant to statute which requires that the state treasury be
9 reimbursed, in the amount of the principal of and the interest on such
10 indebtedness, from money other than general state revenues or from the
11 special excise tax imposed pursuant to chapter 67.40 RCW;
- 12 (7) Indebtedness authorized and incurred after July 1, 1993,
13 pursuant to statute that requires that the state treasury be
14 reimbursed, in the amount of the principal of and the interest on such
15 indebtedness, from (a) moneys outside the state treasury, except higher
16 education operating fees, (b) higher education building fees, (c)
17 indirect costs recovered from federal grants and contracts, and (d)
18 fees and charges associated with hospitals operated or managed by
19 institutions of higher education;
- 20 (8) Any agreement, promissory note, or other instrument entered
21 into by the state finance committee under RCW 39.42.030 in connection
22 with its acquisition of bond insurance, letters of credit, or other
23 credit support instruments for the purpose of guaranteeing the payment
24 or enhancing the marketability, or both, of any state bonds, notes, or
25 other evidence of indebtedness;
- 26 (9) Indebtedness incurred for the purposes identified in RCW
27 43.99N.020;
- 28 (10) Indebtedness incurred for the purposes of the school district
29 bond guaranty established by chapter 39.98 RCW;
- 30 (11) Indebtedness incurred for the purposes of replacing the
31 waterproof membrane over the east plaza garage and revising related
32 landscaping construction pursuant to RCW 43.99Q.070; and
- 33 (12) Indebtedness incurred for the purposes of the state
34 legislative building rehabilitation, to the extent that principal and
35 interest payments of such indebtedness are paid from the capitol
36 building construction account pursuant to RCW 43.99Q.140(2)(b).

37 To the extent necessary because of the constitutional or statutory
38 debt limitation, priorities with respect to the issuance or

1 guaranteeing of bonds, notes, or other evidences of indebtedness by the
2 state shall be determined by the state finance committee.

3 **Sec. 8.** RCW 39.42.070 and 1971 ex.s. c 184 s 7 are each amended to
4 read as follows:

5 (1) On or after the effective date of this act, the treasurer shall
6 compute general state revenues for the three fiscal years immediately
7 preceding such date and shall determine the arithmetic mean thereof.
8 As soon as is practicable after the close of each fiscal year
9 thereafter, he or she shall do likewise. In determining the amount of
10 general state revenues, the treasurer shall include all state money
11 received in the treasury from each and every source whatsoever except:
12 ~~((+1))~~ (a) Fees and revenues derived from the ownership or operation
13 of any undertaking, facility or project; ~~((+2))~~ (b) moneys received as
14 gifts, grants, donations, aid or assistance or otherwise from the
15 United States or any department, bureau or corporation thereof, or any
16 person, firm or corporation, public or private, when the terms and
17 conditions of such gift, grant, donation, aid or assistance require the
18 application and disbursement of such moneys otherwise than for the
19 general purposes of the state of Washington; ~~((+3))~~ (c) moneys to be
20 paid into and received from retirement system funds, and performance
21 bonds and deposits; ~~((+4))~~ (d) moneys to be paid into and received
22 from trust funds including but not limited to moneys received from
23 taxes levied for specific purposes and the several permanent and
24 irreducible funds of the state and the moneys derived therefrom but
25 excluding bond redemption funds; ~~((+5))~~ (e) proceeds received from the
26 sale of bonds or other evidences of indebtedness. Upon computing
27 general state revenues, the treasurer shall make and file in the office
28 of the secretary of state, a certificate containing the results of such
29 computations. Copies of said certificate shall be sent to each elected
30 official of the state and each member of the legislature. The
31 treasurer shall, at the same time, advise each elected official and
32 each member of the legislature of the current available debt capacity
33 of the state, and may make estimated projections for one or more years
34 concerning debt capacity.

35 (2) For purposes of this chapter, general state revenues shall also
36 include revenues that are deposited in the general fund under RCW
37 82.45.180(2) and lottery revenues as provided in RCW 67.70.240(3).

1 NEW SECTION. **Sec. 9.** Sections 1 through 6 of this act constitute
2 a new chapter in Title 43 RCW.

3 NEW SECTION. **Sec. 10.** If any provision of this act or its
4 application to any person or circumstance is held invalid, the
5 remainder of the act or the application of the provision to other
6 persons or circumstances is not affected.

7 NEW SECTION. **Sec. 11.** This act is necessary for the immediate
8 preservation of the public peace, health, or safety, or support of the
9 state government and its existing public institutions, and takes effect
10 immediately.

 Passed the Senate March 14, 2002.

 Passed the House March 14, 2002.

 Approved by the Governor March 28, 2002.

 Filed in Office of Secretary of State March 28, 2002.