

CERTIFICATION OF ENROLLMENT

SENATE BILL 5197

Chapter 330, Laws of 2001

57th Legislature
2001 Regular Session

PRIVATE ACTIVITY BONDS

EFFECTIVE DATE: 7/22/01

Passed by the Senate April 16, 2001
YEAS 47 NAYS 0

BRAD OWEN
President of the Senate

Passed by the House April 4, 2001
YEAS 92 NAYS 0

FRANK CHOPP
**Speaker of the
House of Representatives**

CLYDE BALLARD
**Speaker of the
House of Representatives**

Approved May 15, 2001

GARY LOCKE
Governor of the State of Washington

CERTIFICATE

I, Tony M. Cook, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **SENATE BILL 5197** as passed by the Senate and the House of Representatives on the dates hereon set forth.

TONY M. COOK
Secretary

FILED

May 15, 2001 - 3:20 p.m.

**Secretary of State
State of Washington**

SENATE BILL 5197

AS AMENDED BY THE HOUSE

Passed Legislature - 2001 Regular Session

State of Washington 57th Legislature 2001 Regular Session

By Senators Winsley and Prentice

Read first time 01/15/2001. Referred to Committee on Labor, Commerce & Financial Institutions.

1 AN ACT Relating to private activity bonds; and amending RCW
2 39.86.100 and 39.86.120.

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

4 **Sec. 1.** RCW 39.86.100 and 1987 c 297 s 1 are each amended to read
5 as follows:

6 The federal tax reform act of 1986 imposes an annual ceiling on the
7 aggregate amount of federally tax-exempt private activity bonds,
8 including bonds for housing, student loans, exempt facilities, small
9 issue industrial, redevelopment, and certain public utility projects,
10 that may be issued during any calendar year by or on behalf of states
11 and their political subdivisions. (~~The tax reform act of 1986~~
12 ~~establishes a private activity bond ceiling for each state of seventy-~~
13 ~~five dollars per capita for 1987 and of fifty dollars per capita for~~
14 ~~1988 and each year thereafter.)) In 2001, the ceiling will be
15 increased to sixty-two dollars and fifty cents per capita and in 2002
16 the ceiling will be increased to seventy-five dollars per capita, to be
17 indexed annually, for 2003 and every year thereafter. However, a study
18 by the department of community development indicates that the dollar
19 amount of the state ceiling is considerably less than the anticipated~~

1 dollar amount for which issuers would need an allocation from the state
 2 ceiling. The tax reform act of 1986 provides a formula for allocating
 3 the annual ceiling among various issuers of private activity bonds
 4 within a state, but permits each state to enact a different allocation
 5 method that is appropriate to that state's needs. The purpose of this
 6 chapter is to provide a flexible and efficient method of allocating the
 7 annual state ceiling in Washington in a manner that recognizes the need
 8 of the state and its political subdivisions to finance activities or
 9 projects that satisfy a substantial public purpose.

10 **Sec. 2.** RCW 39.86.120 and 1990 c 50 s 1 are each amended to read
 11 as follows:

12 (1) Except as provided in subsections (2) and (4) of this section,
 13 the initial allocation of the state ceiling shall be for each year as
 14 follows:

	((1989 and		1990 and	
	THEREAFTER		THEREAFTER	
	(If the small		(If the small	
	issue category		issue category	
	is permitted		is not permitted	
BOND USE	under federal		under federal	
CATEGORY	1987	1988	law)	law)
Housing	5%	25%	25%	35%
Student Loans	10%	15%	15%	15%
Exempt Facility	40%	20%	20%	35%
Public Utility	10%	10%	10%	10%
Small Issue	30%	25%	25%	0%
Remainder and				
redevelopment	5%	5%	5%	5%)

<u>BOND USE</u>		<u>2002 and</u>	<u>ALTERNATIVE</u>
<u>CATEGORY</u>	<u>2001</u>	<u>THEREAFTER</u>	<u>ALLOCATION</u>
<u>Housing</u>	<u>27.5%</u>	<u>30.0%</u>	<u>32.0%</u>
<u>Small Issue</u>	<u>24.5%</u>	<u>24.0%</u>	<u>25.0%</u>
<u>Exempt Facility</u>	<u>19.5%</u>	<u>19.0%</u>	<u>20.0%</u>
<u>Student Loans</u>	<u>14.5%</u>	<u>14.0%</u>	<u>15.0%</u>

1	<u>Public Utility</u>	<u>10.0%</u>	<u>10.0%</u>	<u>0.0%</u>
2	<u>Remainder and</u>			
3	<u>redevelopment</u>	<u>4.0%</u>	<u>3.0%</u>	<u>8.0%</u>

4 (2) Initial allocations may be modified by the agency only to
5 reflect an issuer's carryforward amount. Any reduction of the initial
6 allocation shall be added to the remainder and be available for
7 allocation or reallocation.

8 (3) The remainder shall be allocated by the agency among one or
9 more issuers from any bond use category with regard to the criteria
10 specified in RCW 39.86.130.

11 (4) Should any bond use category no longer be subject to the state
12 ceiling due to federal or state provisions of law, the agency shall
13 divide the amount of that initial allocation among the remaining
14 categories as necessary or appropriate with regard to the criteria
15 specified in RCW 39.86.130. Upon the earlier of: (a) Exhaustion of
16 the seven hundred fifty million dollar authority under I.R.C. 1317(25),
17 or any new federal legislation increasing the amount of authority, or
18 creating additional authority; or (b) waiver of the authority described
19 under (a) of this subsection due to alternative federal authority that
20 does not use a state volume cap, then the alternative allocation
21 schedule in subsection (1) of this section will be used.

22 (5)(a) Prior to September 1 of each calendar year, any available
23 portion of an initial allocation may be allocated or reallocated only
24 to an issuer within the same bond use category, except that the
25 remainder category, or portions thereof, may be allocated at any time
26 to any bond use category.

27 (b) Beginning September 1 of each calendar year, the agency may
28 allocate or reallocate any available portion of the state ceiling to
29 any bond use category with regard to the criteria specified in RCW
30 39.86.130.

Passed the Senate April 16, 2001.
Passed the House April 4, 2001.
Approved by the Governor May 15, 2001.
Filed in Office of Secretary of State May 15, 2001.