



1 obtained by many local governments. Therefore, the legislature  
2 intends to improve access and reliability to low-cost financing for  
3 local government infrastructure projects by authorizing public works  
4 bonds when local governments can demonstrate: (1) The importance of  
5 the project; (2) their difficulties accessing existing private credit  
6 markets for borrowings at reasonable interest rates; and (3) the  
7 ability to reliably repay their share of the state's total cost of  
8 retiring the public works bonds.

9 **PART 2**

10 **CHANGES TO THE EXISTING PUBLIC WORKS PROGRAM**

11 **Sec. 201.** RCW 43.155.020 and 2009 c 565 s 33 are each amended to  
12 read as follows:

13 ~~((Unless the context clearly requires otherwise,))~~ The  
14 definitions in this section ((shall)) apply throughout this chapter  
15 unless the context clearly requires otherwise.

16 (1) "Board" means the public works board created in RCW  
17 43.155.030.

18 (2) "Capital facility plan" means a capital facility plan  
19 required by the growth management act under chapter 36.70A RCW or,  
20 for local governments not fully planning under the growth management  
21 act, a plan required by the public works board.

22 (3) "Department" means the department of commerce.

23 (4) ~~(("Financing guarantees" means the pledge of money in the~~  
24 ~~public works assistance account, or money to be received by the~~  
25 ~~public works assistance account, to the repayment of all or a portion~~  
26 ~~of the principal of or interest on obligations issued by local~~  
27 ~~governments to finance public works projects.~~

28 ~~(5))~~ "Local governments" means cities, towns, counties, special  
29 purpose districts, and any other municipal corporations or quasi-  
30 municipal corporations in the state excluding school districts and  
31 port districts.

32 ~~((6))~~ (5) "Public works financing assistance program" is the  
33 program established in sections 301 through 305 of this act.

34 (6) "Public works financing loans" are loans made with bond  
35 proceeds of bonds issued by the state and repaid from loan repayments  
36 under provisions of the public works financing assistance program.

37 (7) "Public works project" means a project of a local government  
38 for the planning, acquisition, construction, repair, reconstruction,

1 replacement, rehabilitation, or improvement of streets and roads,  
2 bridges, water systems, or storm and sanitary sewage systems and  
3 solid waste facilities, including recycling facilities. A planning  
4 project may include the compilation of biological, hydrological, or  
5 other data on a county, drainage basin, or region necessary to  
6 develop a base of information for a capital facility plan.

7 ~~((7))~~ (8) "Solid waste or recycling project" means remedial  
8 actions necessary to bring abandoned or closed landfills into  
9 compliance with regulatory requirements and the repair, restoration,  
10 and replacement of existing solid waste transfer, recycling  
11 facilities, and landfill projects limited to the opening of landfill  
12 cells that are in existing and permitted landfills.

13 ~~((8))~~ (9) "Technical assistance" means training and other  
14 services provided to local governments to: (a) Help such local  
15 governments plan, apply, and qualify for loans and financing  
16 guarantees from the board, and (b) help local governments improve  
17 their ability to plan for, finance, acquire, construct, repair,  
18 replace, rehabilitate, and maintain public facilities.

19 **Sec. 202.** RCW 43.155.040 and 1985 c 446 s 10 are each amended to  
20 read as follows:

21 The board may:

22 (1) Accept from any state or federal agency, loans or grants for  
23 the planning or financing of any public works project and enter into  
24 agreements with any such agency concerning the loans or grants;

25 (2) Provide technical assistance to local governments;

26 (3) Accept any gifts, grants, or loans of funds, property, or  
27 financial or other aid in any form from any other source on any terms  
28 and conditions which are not in conflict with this chapter;

29 (4) Adopt rules under chapter 34.05 RCW as necessary to carry out  
30 the purposes of this chapter;

31 (5) Do all acts and things necessary or convenient to carry out  
32 the powers expressly granted or implied under this chapter;

33 (6) Implement the public works financing assistance program.

34 **Sec. 203.** RCW 43.155.050 and 2015 3rd sp.s. c 4 s 959 and 2015  
35 3rd sp.s. c 3 s 7032 are each reenacted and amended to read as  
36 follows:

37 The public works assistance account is ~~((hereby))~~ established in  
38 the state treasury. ~~((Money may be placed in the public works~~

1 ~~assistance account from the proceeds of bonds when authorized by the~~  
2 ~~legislature or from any other lawful source.))~~ Money in the public  
3 works assistance account shall be used to make loans ~~((and to give~~  
4 ~~financial guarantees))~~ to local governments for public works  
5 projects. Moneys in the account may also be appropriated or  
6 transferred to the water pollution control revolving account and the  
7 drinking water assistance account to provide for state match  
8 requirements under federal law ~~((for projects and activities~~  
9 ~~conducted and financed by the board under the drinking water~~  
10 ~~assistance account. Not more than fifteen percent of the biennial~~  
11 ~~capital budget appropriation to the public works board from this~~  
12 ~~account may be expended or obligated)).~~ Money in the account may also  
13 be appropriated for the administration of the public works financing  
14 assistance program. Money in the account may also be appropriated for  
15 preconstruction loans~~((τ))~~ and emergency loans~~((τ, or loans for~~  
16 ~~capital facility planning under this chapter; of this amount, not~~  
17 ~~more than ten percent of the biennial capital budget appropriation~~  
18 ~~may be expended for emergency loans and not more than one percent of~~  
19 ~~the biennial capital budget appropriation may be expended for capital~~  
20 ~~facility planning loans. During the 2015-2017 fiscal biennium, the~~  
21 ~~legislature may transfer from the public works assistance account to~~  
22 ~~the general fund, the water pollution control revolving account, and~~  
23 ~~the drinking water assistance account such amounts as reflect the~~  
24 ~~excess fund balance of the account. During the 2013-2015 fiscal~~  
25 ~~biennium, the legislature may transfer from the public works~~  
26 ~~assistance account to the education legacy trust account such amounts~~  
27 ~~as specified by the legislature)).~~ During the 2015-2017 fiscal  
28 biennium, the legislature may appropriate moneys from the account for  
29 activities related to the growth management act and the voluntary  
30 stewardship program. During the 2015-2017 fiscal biennium, the  
31 legislature may transfer from the public works assistance account to  
32 the state general fund such amounts as specified by the legislature.  
33 In the 2017-2019 fiscal biennium the legislature intends to allocate  
34 seventy-three million dollars of future loan repayments paid into the  
35 public works assistance account to support basic education.

36 **Sec. 204.** RCW 43.155.060 and 1988 c 93 s 2 are each amended to  
37 read as follows:

38 (1) In order to aid the financing of public works projects, the  
39 board may:

1       ~~((1))~~ (a) Make low-interest or interest-free loans to local  
2 governments from the public works assistance account ~~((or other funds~~  
3 ~~and accounts))~~ for the purpose of assisting local governments in  
4 financing public works projects. The board may require such terms and  
5 conditions and may charge such rates of interest on its loans as it  
6 deems necessary or convenient to carry out the purposes of this  
7 ~~((chapter))~~ section. Money received from local governments in  
8 repayment of loans made under this section shall be paid into the  
9 public works assistance account for uses consistent with this  
10 chapter.

11       ~~((2) Pledge money in the public works assistance account, or~~  
12 ~~money to be received by the public works assistance account, to the~~  
13 ~~repayment of all or a portion of the principal of or interest on~~  
14 ~~obligations issued by local governments to finance public works~~  
15 ~~projects. The board shall not pledge any amount greater than the sum~~  
16 ~~of money in the public works assistance account plus money to be~~  
17 ~~received from the payment of the debt service on loans made from that~~  
18 ~~account, nor shall the board pledge the faith and credit or the~~  
19 ~~taxing power of the state or any agency or subdivision thereof to the~~  
20 ~~repayment of obligations issued by any local government.~~

21       (3)) (b) Create such subaccounts in the public works assistance  
22 account as the board deems necessary to carry out the purposes of  
23 this chapter.

24       ~~((4))~~ (c) Provide a method for the allocation of loans ~~((and~~  
25 ~~financing guarantees))~~ and the provision of technical assistance  
26 under this chapter.

27       (2) All local public works projects aided in whole or in part  
28 under the provisions of this chapter shall be put out for competitive  
29 bids, except for emergency public works under RCW 43.155.065 for  
30 which the recipient jurisdiction shall comply with this requirement  
31 to the extent feasible and practicable. The competitive bids called  
32 for shall be administered in the same manner as all other public  
33 works projects put out for competitive bidding by the local  
34 governmental entity aided under this chapter.

35       **Sec. 205.** RCW 43.155.065 and 2001 c 131 s 3 are each amended to  
36 read as follows:

37       The board may make low-interest or interest-free loans to local  
38 governments for emergency public works projects from the public works  
39 assistance account. Emergency public works projects shall include the

1 construction, repair, reconstruction, replacement, rehabilitation, or  
2 improvement of a public water system that is in violation of health  
3 and safety standards and is being operated by a local government on a  
4 temporary basis. The loans may be used to help fund all or part of an  
5 emergency public works project less any reimbursement from any of the  
6 following sources: (1) Federal disaster or emergency funds, including  
7 funds from the federal emergency management agency; (2) state  
8 disaster or emergency funds; (3) insurance settlements; or (4)  
9 litigation.

10 **Sec. 206.** RCW 43.155.068 and 2001 c 131 s 4 are each amended to  
11 read as follows:

12 (1) The board may make low-interest or interest-free loans to  
13 local governments from the public works assistance account for  
14 preconstruction activities on public works projects before the  
15 legislature approves the construction phase of the project.  
16 Preconstruction activities include design, engineering, bid-document  
17 preparation, environmental studies, right-of-way acquisition, and  
18 other preliminary phases of public works projects as determined by  
19 the board. The purpose of the loans authorized in this section is to  
20 accelerate the completion of public works projects by allowing  
21 preconstruction activities to be performed before the approval of the  
22 construction phase of the project by the legislature.

23 (2) Projects receiving loans for preconstruction activities under  
24 this section must be evaluated using the priority process and factors  
25 in RCW 43.155.070(~~((+2))~~) (4). The receipt of a loan for  
26 preconstruction activities does not ensure the receipt of a  
27 construction loan for the project under this chapter. Construction  
28 loans for projects receiving a loan for preconstruction activities  
29 under this section are subject to legislative approval under RCW  
30 43.155.070 (~~((4) and (5))~~) (7) and (8). The board shall adopt a  
31 single application process for local governments seeking both a loan  
32 for preconstruction activities under this section and a construction  
33 loan for the project from the public works assistance account.

34 **Sec. 207.** RCW 43.155.070 and 2015 3rd sp.s. c 3 s 7033 are each  
35 amended to read as follows:

36 (1) To qualify for financial assistance from the public works  
37 assistance account under this chapter the board must determine that a  
38 local government meets all of the following conditions:

1 (a) The city or county must be imposing a tax under chapter 82.46  
2 RCW at a rate of at least one-quarter of one percent;

3 (b) The local government must have developed a capital facility  
4 plan; and

5 (c) The local government must be using all local revenue sources  
6 which are reasonably available for funding public works, taking into  
7 consideration local employment and economic factors.

8 (2) Except where necessary to address a public health need or  
9 substantial environmental degradation, a county, city, or town  
10 planning under RCW 36.70A.040 may not receive financial assistance  
11 from the public works assistance account under this chapter unless it  
12 has adopted a comprehensive plan, including a capital facilities plan  
13 element, and development regulations as required by RCW 36.70A.040.  
14 This subsection does not require any county, city, or town planning  
15 under RCW 36.70A.040 to adopt a comprehensive plan or development  
16 regulations before requesting or receiving financial assistance under  
17 this chapter if such request is made before the expiration of the  
18 time periods specified in RCW 36.70A.040. A county, city, or town  
19 planning under RCW 36.70A.040 that has not adopted a comprehensive  
20 plan and development regulations within the time periods specified in  
21 RCW 36.70A.040 may apply for and receive financial assistance under  
22 this chapter if the comprehensive plan and development regulations  
23 are adopted as required by RCW 36.70A.040 before executing a  
24 contractual agreement for financial assistance with the board.

25 (3) In considering awarding financial assistance from the public  
26 works assistance account for public facilities to special districts  
27 requesting funding for a proposed facility located in a county, city,  
28 or town planning under RCW 36.70A.040, the board must consider  
29 whether the county, city, or town planning under RCW 36.70A.040 in  
30 whose planning jurisdiction the proposed facility is located has  
31 adopted a comprehensive plan and development regulations as required  
32 by RCW 36.70A.040.

33 (4) The board must develop a priority process for public works  
34 projects financed from the public works assistance account as  
35 provided in this section. The intent of the priority process is to  
36 maximize the value of public works projects accomplished with  
37 assistance under this chapter. The board must attempt to (~~assure~~)  
38 ensure a geographical balance in assigning priorities to projects.  
39 The board must consider at least the following factors in assigning a  
40 priority to a project:

1 (a) Whether the local government receiving assistance has  
2 experienced severe fiscal distress resulting from natural disaster or  
3 emergency public works needs;

4 (b) Except as otherwise conditioned by RCW 43.155.110, whether  
5 the entity receiving assistance is a Puget Sound partner, as defined  
6 in RCW 90.71.010;

7 (c) Whether the project is referenced in the action agenda  
8 developed by the Puget Sound partnership under RCW 90.71.310;

9 (d) Whether the project is critical in nature and would affect  
10 the health and safety of a great number of citizens;

11 (e) Whether the applicant's permitting process has been certified  
12 as streamlined by the office of regulatory assistance;

13 (f) Whether the applicant has developed and adhered to guidelines  
14 regarding its permitting process for those applying for development  
15 permits consistent with section 1(2), chapter 231, Laws of 2007;

16 (g) The cost of the project compared to the size of the local  
17 government and amount of loan money available;

18 (h) The number of communities served by or funding the project;

19 (i) Whether the project is located in an area of high  
20 unemployment, compared to the average state unemployment;

21 (j) Whether the project is the acquisition, expansion,  
22 improvement, or renovation by a local government of a public water  
23 system that is in violation of health and safety standards, including  
24 the cost of extending existing service to such a system;

25 (k) Except as otherwise conditioned by RCW 43.155.120, and  
26 effective one calendar year following the development of model  
27 evergreen community management plans and ordinances under RCW  
28 35.105.050, whether the entity receiving assistance has been  
29 recognized, and what gradation of recognition was received, in the  
30 evergreen community recognition program created in RCW 35.105.030;

31 (l) The relative benefit of the project to the community,  
32 considering the present level of economic activity in the community  
33 and the existing local capacity to increase local economic activity  
34 in communities that have low economic growth; and

35 (m) Other criteria that the board considers advisable.

36 (5) For the 2015-2017 fiscal biennium, in place of the criteria,  
37 ranking, and submission processes for construction loan lists  
38 provided in subsections (4) and (7) of this section:

39 (a) The board must develop a process for numerically ranking  
40 applications for construction loans submitted by local governments.

1 The board must consider, at a minimum and in any order, the following  
2 factors in assigning a numerical ranking to a project:

3 (i) Whether the project is critical in nature and would affect  
4 the health and safety of many people;

5 (ii) The extent to which the project leverages nonstate funds;

6 (iii) The extent to which the project is ready to proceed to  
7 construction;

8 (iv) Whether the project is located in an area of high  
9 unemployment, compared to the average state unemployment;

10 (v) Whether the project promotes the sustainable use of resources  
11 and environmental quality;

12 (vi) Whether the project consolidates or regionalizes systems;

13 (vii) Whether the project encourages economic development through  
14 mixed-use and mixed income development consistent with chapter 36.70A  
15 RCW;

16 (viii) Whether the system is being well-managed in the present  
17 and for long-term sustainability;

18 (ix) Achieving equitable distribution of funds by geography and  
19 population;

20 (x) The extent to which the project meets the following state  
21 policy objectives:

22 (A) Efficient use of state resources;

23 (B) Preservation and enhancement of health and safety;

24 (C) Abatement of pollution and protection of the environment;

25 (D) Creation of new, family-wage jobs, and avoidance of shifting  
26 existing jobs from one Washington state community to another;

27 (E) Fostering economic development consistent with chapter 36.70A  
28 RCW;

29 (F) Efficiency in delivery of goods and services, public transit,  
30 and transportation;

31 (G) Avoidance of additional costs to state and local governments  
32 that adversely impact local residents and small businesses; and

33 (H) Reduction of the overall cost of public infrastructure; and

34 (xi) Other criteria that the board considers necessary to achieve  
35 the purposes of this chapter.

36 (b) Before November 1, 2016, the board must develop and submit to  
37 the appropriate fiscal committees of the senate and house of  
38 representatives a ranked list of qualified public works projects  
39 which have been evaluated by the board and are recommended for  
40 funding by the legislature. The maximum amount of funding that the

1 board may recommend for any jurisdiction is ten million dollars per  
2 biennium. For each project on the ranked list, as well as for  
3 eligible projects not recommended for funding, the board must  
4 document the numerical ranking that was assigned.

5 (6) Existing debt or financial obligations of local governments  
6 may not be refinanced under this chapter. Each local government  
7 applicant must provide documentation of attempts to secure additional  
8 local or other sources of funding for each public works project for  
9 which financial assistance is sought under this chapter.

10 (7) Before November 1st of each even-numbered year, the board  
11 must develop and submit to the appropriate fiscal committees of the  
12 senate and house of representatives a description of the loans made  
13 under RCW 43.155.065, 43.155.068, and subsection (10) of this section  
14 during the preceding fiscal year and a prioritized list of projects  
15 which are recommended for funding by the legislature, including one  
16 copy to the staff of each of the committees. The list must include,  
17 but not be limited to, a description of each project and recommended  
18 financing, the terms and conditions of the loan or financial  
19 guarantee, the local government jurisdiction and unemployment rate,  
20 demonstration of the jurisdiction's critical need for the project and  
21 documentation of local funds being used to finance the public works  
22 project. The list must also include measures of fiscal capacity for  
23 each jurisdiction recommended for financial assistance, compared to  
24 authorized limits and state averages, including local government  
25 sales taxes; real estate excise taxes; property taxes; and charges  
26 for or taxes on sewerage, water, garbage, and other utilities.

27 (8) The board may not sign contracts or otherwise financially  
28 obligate funds from the public works assistance account before the  
29 legislature has appropriated funds for a specific list of public  
30 works projects. The legislature may remove projects from the list  
31 recommended by the board. The legislature may not change the order of  
32 the priorities recommended for funding by the board.

33 (9) Subsection (8) of this section does not apply to loans made  
34 under RCW 43.155.065, 43.155.068, and subsection (10) of this  
35 section.

36 (10) Loans made for the purpose of capital facilities plans are  
37 exempted from subsection (8) of this section.

38 (11) To qualify for loans (~~or pledges~~) from the public works  
39 assistance account for solid waste or recycling facilities under this  
40 chapter, a city or county must demonstrate that the solid waste or

1 recycling facility is consistent with and necessary to implement the  
2 comprehensive solid waste management plan adopted by the city or  
3 county under chapter 70.95 RCW.

4 (12) After January 1, 2010, any project designed to address the  
5 effects of storm water or wastewater on Puget Sound may be funded  
6 from the public works assistance account under this section only if  
7 the project is not in conflict with the action agenda developed by  
8 the Puget Sound partnership under RCW 90.71.310.

9 (13) During the 2015-2017 fiscal biennium, for projects funded  
10 from the public works assistance account involving repair,  
11 replacement, or improvement of a wastewater treatment plant or other  
12 public works facility for which an investment grade efficiency audit  
13 is obtainable, the public works board must require as a contract  
14 condition that the project sponsor undertake an investment grade  
15 efficiency audit. The project sponsor may finance the costs of the  
16 audit as part of its public works assistance account program loan.

17 (14)((a)) For public works assistance account application  
18 rounds conducted during the 2015-2017 fiscal biennium, the board must  
19 implement policies and procedures designed to maximize local  
20 government use of federal funds to finance local infrastructure  
21 including, but not limited to, drinking water and clean water state  
22 revolving funds operated by the state departments of health and  
23 ecology. Projects that are eligible for the drinking water and clean  
24 water state revolving funds may receive public works board  
25 preconstruction loans. Projects that are eligible for the drinking  
26 water and clean water state revolving funds are not eligible for  
27 public works board construction loans. For purposes of this  
28 subsection "eligible for drinking water and clean water state  
29 revolving funds" means:

30 ((i)) (a) Projects that have applied to the state revolving  
31 funds and are awaiting a funding decision;

32 ((ii)) (b) Projects that have been rejected for funding solely  
33 due to not meeting readiness requirements; and

34 ((iii)) (c) Projects that have not applied, but would likely be  
35 eligible if the project applied and met the project readiness  
36 requirements.

37 ~~((b) For all construction loan projects proposed to the~~  
38 ~~legislature for funding during the 2015-2017 fiscal biennium, the~~  
39 ~~board must base interest rates on the average daily market interest~~  
40 ~~rate for tax-exempt municipal bonds as published in the bond buyer's~~

1 ~~index for the period from sixty to thirty days before the start of~~  
2 ~~the application cycle. For projects with a repayment period between~~  
3 ~~five and twenty years, the rate must be sixty percent of the market~~  
4 ~~rate. For projects with a repayment period under five years, the rate~~  
5 ~~must be thirty percent of the market rate. The board must also~~  
6 ~~provide reduced interest rates, extended repayment periods, or~~  
7 ~~forgivable principal loans for projects that meet financial hardship~~  
8 ~~criteria as measured by the affordability index or similar standard~~  
9 ~~measure of financial hardship.))~~

10 **Sec. 208.** RCW 43.155.075 and 2001 c 227 s 10 are each amended to  
11 read as follows:

12 In providing loans for public works projects from the public  
13 works assistance account, the board shall require recipients to  
14 incorporate the environmental benefits of the project into their  
15 applications, and the board shall utilize the statement of  
16 environmental benefits in its prioritization and selection process.  
17 The board shall also develop appropriate outcome-focused performance  
18 measures to be used both for management and performance assessment of  
19 the loan program. To the extent possible, the department should  
20 coordinate its performance measure system with other natural  
21 resource-related agencies as defined in RCW 43.41.270. The board  
22 shall consult with affected interest groups in implementing this  
23 section.

24 **Sec. 209.** RCW 43.155.120 and 2008 c 299 s 30 are each amended to  
25 read as follows:

26 When administering funds from the public works assistance account  
27 under this chapter, the board shall give preference only to an  
28 evergreen community recognized under RCW 35.105.030 in comparison to  
29 other entities that are eligible to receive evergreen community  
30 designation. Entities not eligible for designation as an evergreen  
31 community shall not be given less preferential treatment than an  
32 evergreen community.

33 **PART 3**  
34 **PUBLIC WORKS FINANCING ASSISTANCE PROGRAM**

35 NEW SECTION. **Sec. 301.** A new section is added to chapter 43.155  
36 RCW to read as follows:

1 (1) A public infrastructure project eligible for the public works  
2 financing assistance program is a capital project by an eligible  
3 local government, as identified in subsection (2) of this section,  
4 that is necessary to:

5 (a) Provide safe and adequate drinking water;

6 (b) Collect, manage, and treat wastewater and storm water;

7 (c) Provide safe and efficient transportation, including public  
8 parking facilities, public transit facilities, and nonmotorized  
9 transportation;

10 (d) Provide or renovate facilities for safe and readily  
11 accessible recreation;

12 (e) Provide flood control and floodplain management facilities  
13 and improvements;

14 (f) Provide water supply improvements and water basin management  
15 enhancements, including culvert replacement projects to improve fish  
16 passage;

17 (g) Provide or renovate county or city criminal justice  
18 facilities;

19 (h) Provide or renovate fire protection or emergency medical  
20 response services facilities; or

21 (i) Provide or renovate public library facilities.

22 (2) In order to be eligible for the public works financing  
23 assistance program a local government must:

24 (a) Demonstrate difficulties accessing existing private credit  
25 markets for borrowings at reasonable interest rates. The public works  
26 board must determine compliance with this requirement under guidance  
27 and advice by the state treasurer's office;

28 (b) Demonstrate the ability to reliably pay all periodic  
29 financing costs to retire the loan or loans provided under the public  
30 works financing assistance program. The public works board must  
31 determine compliance with this requirement under guidance and advice  
32 by the state treasurer's office; and

33 (c) Demonstrate that bond proceeds loaned to the local government  
34 would be expended for capital expenditures on a public works project  
35 eligible to be financed with the proceeds of tax-exempt bonds under  
36 the internal revenue code. The public works board must determine  
37 compliance with this requirement under guidance and advice by the  
38 state treasurer's office.

39 (3) The board must prioritize applications for assistance under  
40 the public works financing assistance program to achieve the greatest

1 community benefit in jurisdictions that would most benefit from this  
2 assistance as measured by the difference in the total cost of  
3 financing under this program compared to financing cost from private  
4 capital markets. The board must adopt criteria for prioritizing  
5 applications and submit the scoring under those criteria in the  
6 annual report required in section 302 of this act.

7 NEW SECTION. **Sec. 302.** A new section is added to chapter 43.155  
8 RCW to read as follows:

9 (1) The board must not sign contracts or otherwise financially  
10 obligate funds from the public works financing assistance account  
11 created in section 303 of this act unless the legislature has  
12 authorized the necessary bonds and appropriated sufficient amounts  
13 from the account for the approved projects.

14 (2) The board must execute contracts for project loans with local  
15 governments under the public works financing program to ensure that:

16 (a) Disbursements against authorized loans are in predictable  
17 amounts as required to meet project expenditures without resulting in  
18 prolonged and excessive project fund balances;

19 (b) Repayments by local governments are sufficient and timely to  
20 cover the state's repayment obligations of public works financing  
21 bond issued on behalf of the project; and

22 (c) All other requirements are met, including compliance with  
23 state laws regarding the issuance and limits on local government  
24 debt.

25 (3) By July 1st of each year, the board must submit a report to  
26 the state treasurer, the office of financial management, and the  
27 fiscal committees of the legislature. The report must include:

28 (a) The list of projects approved in the preceding fiscal year  
29 with the project scores against the board's prioritization criteria;

30 (b) The total amount of loan disbursements made from the public  
31 works financing assistance bond repayment account, created in section  
32 304 of this act, in the preceding fiscal year;

33 (c) The total amount of loan repayments in the preceding fiscal  
34 year for outstanding loans made from the public works financing  
35 assistance account;

36 (d) The total amount of loan repayments due from local  
37 governments for outstanding loans by fiscal year over the following  
38 ten-year period; and

1 (e) Any further information required by the state treasurer's  
2 office necessary to meet internal revenue service requirements for  
3 tax compliance, or for determining whether projected revenues are  
4 sufficient to meet projected debt service obligations.

5 NEW SECTION. **Sec. 303.** A new section is added to chapter 43.155  
6 RCW to read as follows:

7 The public works financing assistance account is created in the  
8 state treasury. All bond proceeds issued to support public works  
9 financing assistance projects must be deposited in the account.  
10 Moneys in the account may be spent only after appropriation.  
11 Expenditures from the account may be used only for the public works  
12 financing assistance program.

13 NEW SECTION. **Sec. 304.** A new section is added to chapter 43.155  
14 RCW to read as follows:

15 The public works financing assistance bond repayment account is  
16 created in the custody of the state treasury. All repayments for  
17 public works financing loans from local governments must be deposited  
18 in the account. Expenditures from the account must only be made for  
19 payment of principal and interest to retire bonds issued pursuant to  
20 this section. The account is subject to the allotment procedures  
21 under chapter 43.88 RCW, but an appropriation is not required for  
22 expenditures.

23 NEW SECTION. **Sec. 305.** A new section is added to chapter 43.155  
24 RCW to read as follows:

25 (1) To ensure that sufficient revenues are collected to meet debt  
26 service requirements on bonds issued in accordance with this chapter:

27 (a) The board:

28 (i) May charge an additional amount on public works financing  
29 loans to local governments to create a reserve to meet potential  
30 shortfalls; or

31 (ii) Must take other actions as are necessary to ensure that  
32 sufficient revenues are collected to meet debt service obligations on  
33 bonds issued to support a public works financing loan.

34 (2) If the board is unable to collect sufficient revenues to meet  
35 debt service obligations on bonds issued to support public works  
36 financing loans, the legislature must take any action legally  
37 authorized to raise such revenue from loan repayments to meet this

1 obligation, including, but not limited to, collect loan repayments  
2 directly from distributions to local governments in the event of  
3 nonpayment, or any other method deemed appropriate to ensure that  
4 adequate revenues are received to meet debt service obligations.

5 (3) If there is insufficient revenue to meet projected debt  
6 service obligations, as determined by the office of the state  
7 treasurer, the state finance committee may not approve the issuance  
8 or sale of bonds for this purpose until such time as the projected  
9 amount of revenue is at least equal to the projected amount of debt  
10 service then owed on bonds issued to support public works financing  
11 loans.

12 **PART 4**

13 **MISCELLANEOUS PROVISIONS**

14 NEW SECTION. **Sec. 401.** This act takes effect January 1, 2018,  
15 if the proposed amendment to Article VIII, section 1 of the state  
16 Constitution, contained in Senate Joint Resolution No. . . .  
17 (S-0298/17), is validly submitted to and is approved and ratified by  
18 voters at the next general election. If the proposed amendment is not  
19 approved and ratified, this act is void in its entirety.

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