AN ACT Relating to financing local infrastructure; amending RCW 39.36.060; and adding new sections to chapter 43.180 RCW.

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

NEW SECTION. Sec. 1. The legislature finds that there exists in the state of Washington need for critical projects for the planning, acquisition, construction, repair, replacement, rehabilitation, or improvement of local infrastructure including streets and roads, bridges, water systems, solid waste disposal including recycling, storm and sanitary sewage systems and other municipal projects, facilities, and utilities. It is the policy of the state of Washington to encourage self-reliance by local governments in meeting their local infrastructure needs and to assist in the financing of critical infrastructure projects by making loans available to local governments for these projects.

NEW SECTION. Sec. 2. (1) The commission may develop and implement a program to provide financing to local governments for infrastructure projects. In developing the program, the commission shall establish eligibility criteria for financing that will enable it to choose applicants who are likely to repay loans made or
acquired by the commission and funded from the proceeds of commission bonds.

(2) The commission may, if economically feasible:
(a) Issue revenue bonds as defined in RCW 43.180.020(1) for the purpose of financing all or part of the costs of infrastructure projects in accordance with RCW 43.180.150;
(b) Make or purchase loans to local governments for financing all or part of the costs of infrastructure projects;
(c) Enter into financing agreements relating to the repayment of those loans or the provision of, or security for, debt service on the bonds;
(d) Do all things necessary to provide for the exemption of interest on its bonds from federal income taxation if the bonds are issued on a tax-exempt basis; and
(e) Participate fully in federal and other governmental programs and take such actions as are necessary and consistent with this chapter to secure to itself and the people of the state the benefits of those programs for financing infrastructure projects.
(3) In connection with the financing of costs of local infrastructure, the commission may exercise the other powers granted the commission under this chapter, including the requirements under RCW 43.180.170 and 43.180.180. No commission general fund resources may be expended to implement this section except that commission general fund resources may be expended to administer this section.
(4) For the purposes of this chapter:
(a) "Financing agreement" means a lease, sublease, installment sale agreement, conditional sale agreement, loan agreement, or other agreement for the purpose of providing funds to pay or secure debt service on bonds.
(b) "Infrastructure project" means a project of a local government for the planning, acquisition, construction, repair, reconstruction, replacement, rehabilitation, or improvement of infrastructure including streets and roads, bridges, water systems, storm and sanitary sewage systems, solid waste facilities, including recycling facilities, and other municipal projects, facilities, and utilities.
(c) "Local governments" means cities, towns, counties, special purpose districts, port districts, school districts, and any other municipal corporations or quasi-municipal corporations in the state.
NEW SECTION. Sec. 3. Any local government may enter into a financing agreement containing the terms and conditions of a loan from the commission and evidencing the obligation of the municipal corporation to repay that loan under the terms and conditions set forth in the financing agreement. A financing agreement may provide that the local government will repay the loan solely from revenues set aside into a special fund for repayment of that loan. In the case of a local government authorized to borrow money payable from taxes, and authorized to levy such taxes, the financing agreement may provide that repayment of the loan is a general obligation of the local government, or both a general obligation and an obligation payable from revenues set aside into a special fund. The commission shall have such rights of recovery in the event of default in payment or other breach of financing loan agreement as may be provided in the loan agreement or otherwise by law.

NEW SECTION. Sec. 4. Nothing in this chapter authorizes local governments to incur indebtedness beyond constitutional indebtedness limitations. Revenue bonds issued by the commission pursuant to this chapter are excluded from the indebtedness limit in RCW 43.180.160(1).

NEW SECTION. Sec. 5. The authority under this chapter is supplemental and in addition to the authority to issue obligations under any other provision of law.

Sec. 6. RCW 39.36.060 and 1987 c 19 s 5 are each amended to read as follows:

This chapter does not apply to a loan made pursuant to a loan agreement under chapter 39.69 RCW or sections 1 through 5 of this act, and any computation of indebtedness under this chapter shall exclude the amount of any loan under such a loan agreement.

NEW SECTION. Sec. 7. Sections 1 through 5 of this act are each added to chapter 43.180 RCW.

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