
SENATE BILL 6397

State of Washington 57th Legislature**2002 Regular Session**

By Senators Fairley, Zarelli, Kohl-Welles and Keiser; by request of Governor Locke

Read first time 01/16/2002. Referred to Committee on Ways & Means.

1 AN ACT Relating to education building construction and renovation
2 in the state of Washington; amending RCW 39.42.060; amending 2001 2nd
3 sp.s. c 9 ss 1 and 2 (uncodified); adding a new chapter to Title 43
4 RCW; and declaring an emergency.

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

6 NEW SECTION. **Sec. 1.** For the purpose of providing funds for the
7 planning, design, construction, reconstruction, and other necessary
8 costs for the various school and higher education facilities
9 improvements defined in chapter . . . (House/Senate Bill No. . . ., the
10 supplemental capital budget), Laws of 2002, the state finance committee
11 is authorized to issue general obligation bonds of the state of
12 Washington in the sum of three hundred thirty-five million fifty-two
13 thousand dollars, or as much thereof as may be required, to finance
14 these projects and all costs incidental thereto. Bonds authorized in
15 this section shall not constitute indebtedness for purposes of the
16 limitations set forth in RCW 39.42.060, to the extent that the bond
17 payments are paid from the education construction account. Bonds
18 authorized in this section may be sold at such price as the state
19 finance committee shall determine. No bonds authorized in this section

1 may be offered for sale without prior legislative appropriation of the
2 net proceeds of the sale of the bonds. The proceeds of the sale of the
3 bonds issued for the purposes of this section shall be deposited in the
4 educational capital construction account hereby created in the state
5 treasury.

6 **NEW SECTION.** **Sec. 2.** The proceeds from the sale of the bonds
7 authorized in section 1 of this act, shall be transferred as follows:

8 (1) Twenty-five million dollars to the common school construction
9 account;

10 (2) Three hundred million dollars to remain in the educational
11 capital construction account created in section 1 of this act.

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

17 If the state finance committee deems it necessary to issue taxable
18 bonds in order to comply with federal internal revenue service rules
19 and regulations pertaining to the use of nontaxable bond proceeds, the
20 proceeds of the taxable bonds shall be transferred to the state taxable
21 building construction account in lieu of any transfer otherwise
22 provided by this section. The state treasurer shall submit written
23 notice to the director of financial management if it is determined that
24 any such additional transfer to the state taxable building construction
25 account is necessary. Moneys in the account may be spent only after
26 appropriation.

27 **NEW SECTION.** **Sec. 3.** (1) The nondebt-limit reimbursable bond
28 retirement account must be used for the payment of the principal and
29 interest on the bonds authorized in section 1 of this act.

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

34 (b) On or before the date on which any interest or principal and
35 interest is due, the state treasurer shall transfer from the education
36 construction account for deposit into the nondebt-limit reimbursable

1 bond retirement account, the amount computed in (a) of this subsection
2 for bonds issued for the purposes of section 1 of this act.

3 (3) If the education construction account has insufficient revenues
4 to pay the principal and interest computed in subsection (2)(a) of this
5 section, then the debt-limit reimbursable bond retirement account must
6 be used for the payment of the principal and interest on the bonds
7 authorized in section 1 of this act from any additional means provided
8 by the legislature.

9 (4) If at any time the education construction account has
10 insufficient revenues to repay the bonds, the legislature may provide
11 additional means for the payment of the bonds, but any such additional
12 means shall be subject to the state debt limit.

13 **NEW SECTION.** **Sec. 4.** (1) Bonds issued under section 1 of this act
14 must state that they are a general obligation of the state of
15 Washington, must pledge the full faith and credit of the state to the
16 payment of the principal and interest, and must contain an
17 unconditional promise to pay the principal and interest as it becomes
18 due.

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

23 **NEW SECTION.** **Sec. 5.** The legislature may provide additional means
24 for raising moneys for the payment of the principal and interest on the
25 bonds authorized in section 1 of this act, and sections 3 through 5 of
26 this act shall not be deemed to provide an exclusive method for their
27 payment.

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

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

33 No bonds, notes, or other evidences of indebtedness for borrowed
34 money shall be issued by the state which will cause the aggregate debt
35 contracted by the state to exceed that amount for which payments of

1 principal and interest in any fiscal year would require the state to
2 expend more than seven percent of the arithmetic mean of its general
3 state revenues, as defined in section 1(c) of Article VIII of the
4 Washington state Constitution for the three immediately preceding
5 fiscal years as certified by the treasurer in accordance with RCW
6 39.42.070. It shall be the duty of the state finance committee to
7 compute annually the amount required to pay principal of and interest
8 on outstanding debt. In making such computation, the state finance
9 committee shall include all borrowed money represented by bonds, notes,
10 or other evidences of indebtedness which are secured by the full faith
11 and credit of the state or are required to be paid, directly or
12 indirectly, from general state revenues and which are incurred by the
13 state, any department, authority, public corporation or quasi public
14 corporation of the state, any state university or college, or any other
15 public agency created by the state but not by counties, cities, towns,
16 school districts, or other municipal corporations, and shall include
17 debt incurred pursuant to section 3 of Article VIII of the Washington
18 state Constitution, but shall exclude the following:

19 (1) Obligations for the payment of current expenses of state
20 government;

21 (2) Indebtedness incurred pursuant to RCW 39.42.080 or 39.42.090;

22 (3) Principal of and interest on bond anticipation notes;

23 (4) Any indebtedness which has been refunded;

24 (5) Financing contracts entered into under chapter 39.94 RCW;

25 (6) Indebtedness authorized or incurred before July 1, 1993,
26 pursuant to statute which requires that the state treasury be
27 reimbursed, in the amount of the principal of and the interest on such
28 indebtedness, from money other than general state revenues or from the
29 special excise tax imposed pursuant to chapter 67.40 RCW;

30 (7) Indebtedness authorized and incurred after July 1, 1993,
31 pursuant to statute that requires that the state treasury be
32 reimbursed, in the amount of the principal of and the interest on such
33 indebtedness, from (a) moneys outside the state treasury, except higher
34 education operating fees, (b) higher education building fees, (c)
35 indirect costs recovered from federal grants and contracts, and (d)
36 fees and charges associated with hospitals operated or managed by
37 institutions of higher education;

38 (8) Any agreement, promissory note, or other instrument entered
39 into by the state finance committee under RCW 39.42.030 in connection

1 with its acquisition of bond insurance, letters of credit, or other
2 credit support instruments for the purpose of guaranteeing the payment
3 or enhancing the marketability, or both, of any state bonds, notes, or
4 other evidence of indebtedness;

5 (9) Indebtedness incurred for the purposes identified in RCW
6 43.99N.020;

7 (10) Indebtedness incurred for the purposes of the school district
8 bond guaranty established by chapter 39.98 RCW;

9 (11) Indebtedness incurred for the purposes of replacing the
10 waterproof membrane over the east plaza garage and revising related
11 landscaping construction pursuant to RCW 43.99Q.070; and

12 (12) Indebtedness incurred for the purposes of the state
13 legislative building rehabilitation, to the extent that principal and
14 interest payments of such indebtedness are paid from the capitol
15 building construction account pursuant to RCW 43.99Q.140(2)(b).

16 (13) Indebtedness incurred for the purposes of educational capital
17 construction, to the extent that principal and interest payments of
18 such indebtedness are paid for from the education construction account
19 under section 3(2)(b) of this act.

20 To the extent necessary because of the constitutional or statutory
21 debt limitation, priorities with respect to the issuance or
22 guaranteeing of bonds, notes, or other evidences of indebtedness by the
23 state shall be determined by the state finance committee.

24 **Sec. 8.** 2001 2nd sp.s. c 9 s 1 (uncodified) is amended to read as
25 follows:

26 For the purpose of providing funds to finance the projects
27 described and authorized by the legislature in the capital and
28 operating appropriation acts for the 2001-2003 fiscal biennium, and all
29 costs incidental thereto, the state finance committee is authorized to
30 issue general obligation bonds of the state of Washington in the sum of
31 ((nine)) seven hundred ((thirty-five)) sixty million five hundred
32 thousand dollars, or as much thereof as may be required, to finance
33 these projects and all costs incidental thereto. Bonds authorized in
34 this section may be sold at such price as the state finance committee
35 shall determine. No bonds authorized in this section may be offered
36 for sale without prior legislative appropriation of the net proceeds of
37 the sale of the bonds.

1 **Sec. 9.** 2001 2nd sp.s. c 9 s 2 (uncodified) is amended to read as
2 follows:

3 The proceeds from the sale of the bonds authorized in section 1 of
4 this act shall be deposited in the state building construction account
5 created by RCW 43.83.020. The proceeds shall be transferred as
6 follows:

7 (1) ((Seven)) Five hundred ((seventy-four)) ninety-nine million two
8 hundred thousand dollars to remain in the state building construction
9 account created by RCW 43.83.020;

10 (2) Twenty-two million five hundred thousand dollars to the outdoor
11 recreation account created by RCW 79A.25.060;

12 (3) Twenty-two million five hundred thousand dollars to the habitat
13 conservation account created by RCW 79A.15.020;

14 (4) Sixty million dollars to the state taxable building
15 construction account which is hereby established in the state treasury.
16 All receipts from taxable bond issues are to be deposited into the
17 account. If the state finance committee deems it necessary to issue
18 more than fifty million dollars of the bonds authorized in section 1 of
19 this act as taxable bonds in order to comply with federal internal
20 revenue service rules and regulations pertaining to the use of
21 nontaxable bond proceeds, the proceeds of such additional taxable bonds
22 shall be transferred to the state taxable building construction account
23 in lieu of any transfer otherwise provided by this section. The state
24 treasurer shall submit written notice to the director of financial
25 management if it is determined that any such additional transfer to the
26 state taxable building construction account is necessary. Moneys in
27 the account may be spent only after appropriation;

28 (5) Twenty-nine million twenty-five thousand dollars to the higher
29 education construction account created by RCW 28B.140.040.

30 These proceeds shall be used exclusively for the purposes specified
31 in this section and for the payment of expenses incurred in the
32 issuance and sale of the bonds issued for the purposes of this section,
33 and shall be administered by the office of financial management subject
34 to legislative appropriation.

35 NEW SECTION. **Sec. 10.** Sections 1 through 6 of this act constitute
36 a new chapter in Title 43 RCW.

1 NEW SECTION. **Sec. 11.** If any provision of this act or its
2 application to any person or circumstance is held invalid, the
3 remainder of the act or the application of the provision to other
4 persons or circumstances is not affected.

5 NEW SECTION. **Sec. 12.** This act is necessary for the immediate
6 preservation of the public peace, health, or safety, or support of the
7 state government and its existing public institutions, and takes effect
8 immediately.

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