

CERTIFICATION OF ENROLLMENT

ENGROSSED SENATE BILL 6505

57th Legislature
2002 Regular Session

Passed by the Senate February 16, 2002
YEAS 48 NAYS 0

President of the Senate

Passed by the House March 5, 2002
YEAS 97 NAYS 0

**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 **ENGROSSED SENATE BILL 6505** as passed by the Senate and the House of Representatives on the dates hereon set forth.

Secretary

Approved

FILED

Governor of the State of Washington

**Secretary of State
State of Washington**

ENGROSSED SENATE BILL 6505

Passed Legislature - 2002 Regular Session

State of Washington

57th Legislature

2002 Regular Session

By Senators Gardner and Hale

Read first time 01/18/2002. Referred to Committee on State & Local Government.

1 AN ACT Relating to local improvement districts; and amending RCW
2 35.45.030, 35.45.070, 35.45.080, and 35.54.010.

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

4 **Sec. 1.** RCW 35.45.030 and 1983 c 167 s 41 are each amended to read
5 as follows:

6 (1) Local improvement bonds shall be in such denominations as may
7 be provided in the ordinance authorizing their issue and shall be
8 numbered from one upwards consecutively. Each bond shall (a) be signed
9 by the mayor and attested by the clerk, (b) have the seal of the city
10 or town affixed thereto, (c) refer to the improvement to pay for which
11 it is issued and the ordinance ordering it, (d) provide that the
12 principal sum therein named and the interest thereon shall be payable
13 out of the local improvement fund created for the cost and expense of
14 the improvement(~~(, or))~~ and out of the local improvement guaranty fund,
15 unless the ordinance under which it was issued provides that the bonds
16 shall not be secured by the local improvement guaranty fund; and out of
17 a reserve fund, if one is established for such bonds pursuant to RCW
18 35.51.040; or, with respect to interest only, shall be payable out of
19 the general revenues of the city or town, but only if pledged to the

1 payment of such interest pursuant to RCW 35.45.065, and not otherwise,
2 (e) provide that the bond owners' remedy in case of nonpayment shall be
3 confined to the enforcement of the special assessments made for the
4 improvement and to the guaranty fund and reserve fund, as applicable,
5 and (f) be in any form, including bearer bonds or registered bonds as
6 provided in RCW 39.46.030.

7 Any interest coupons may be signed by the mayor and attested by
8 the clerk, or in lieu thereof, may have printed thereon a facsimile of
9 their signatures.

10 (2) Notwithstanding subsection (1) of this section, but subject to
11 RCW 35.45.010, such bonds may be issued and sold in accordance with
12 chapter 39.46 RCW.

13 **Sec. 2.** RCW 35.45.070 and 1965 c 7 s 35.45.070 are each amended to
14 read as follows:

15 (1)(a) Neither the holder nor owner of any bond, interest coupon,
16 ((or)) warrant, or other short-term obligation issued against a local
17 improvement fund shall have any claim therefor against the city or town
18 by which it is issued, except for payment from the special assessments
19 made for the improvement for which the bond or warrant was issued and
20 except also for payment from the local improvement guaranty fund of the
21 city or town as to bonds issued after the creation of a local
22 improvement guaranty fund of that city or town. The city or town shall
23 not be liable to the holder or owner of any bond, interest coupon,
24 ((or)) warrant, or other short-term obligation for any loss to the
25 local improvement guaranty fund occurring in the lawful operation
26 thereof.

27 (b) A copy of the foregoing ((part)) in (a) of this ((section))
28 subsection shall be plainly written, printed, or engraved on each bond,
29 interest coupon, warrant, or other short-term obligation.

30 (2) Notwithstanding the provisions of subsection (1) of this
31 section, with respect to bonds, interest coupons, warrants, or other
32 short-term obligations issued under an ordinance providing that the
33 obligations are not secured by the local improvement guaranty fund:

34 (a) Neither the holder nor owner of any obligation issued against
35 a local improvement fund shall have any claim against the city or town
36 by which it is issued, except for payment from the special assessments
37 made for the improvement for which the obligation was issued.

1 (b) A copy of the foregoing in (a) of this subsection shall be
2 plainly written, printed, or engraved on each bond, interest coupon,
3 warrant, or other short-term obligation.

4 **Sec. 3.** RCW 35.45.080 and 1965 c 7 s 35.45.080 are each amended to
5 read as follows:

6 If a city or town fails to pay any bonds or to promptly collect any
7 local improvement assessments when due, the owner of the bonds may
8 proceed in his own name to collect the assessment and foreclose the
9 lien thereof in any court of competent jurisdiction and shall recover
10 in addition to the amount of the bond and interest thereon, five
11 percent, together with the cost of suit. Any number of holders of
12 bonds for any single improvement may join as plaintiffs and any number
13 of owners of property upon which the assessments are liens may be
14 joined as defendants in the same suit.

15 The owners of local improvement bonds issued by a city or town
16 after the creation of a local improvement guaranty fund therein, shall
17 also have recourse against the local improvement guaranty fund of such
18 city or town unless the ordinance under which the bonds were issued
19 provides that the bonds are not secured by the local improvement
20 guaranty fund.

21 **Sec. 4.** RCW 35.54.010 and 1971 ex.s. c 116 s 7 are each amended to
22 read as follows:

23 (1) There is established in every city and town a fund to be
24 designated the "local improvement guaranty fund" for the purpose of
25 guaranteeing, to the extent of the fund, the payment of its local
26 improvement bonds and warrants or other short-term obligations issued
27 to pay for any local improvement ordered in the city or town or in any
28 area wholly or partly outside its corporate boundaries: ~~((+1))~~ (a) In
29 any city of the first class having a population of more than three
30 hundred thousand, subsequent to June 8, 1927; ~~((+2))~~ (b) in any city
31 or town having created and maintained a guaranty fund under chapter
32 141, Laws of 1923, subsequent to the date of establishment of such
33 fund; and ~~((+3))~~ (c) in any other city or town subsequent to April 7,
34 1926: PROVIDED, That this shall not apply to any city of the first
35 class which maintains a local improvement guaranty fund under chapter
36 138, Laws of 1917, but any such city maintaining a guaranty fund under
37 chapter 138, Laws of 1917 may by ordinance elect to operate under the

1 provisions of this chapter and may transfer to the guaranty fund
2 created hereunder all the assets of the former fund and, upon such
3 election and transfer, all bonds guaranteed under the former fund shall
4 be guaranteed under the provisions of this chapter.

5 (2) The local improvement guaranty fund established under
6 subsection (1) of this section shall not be subject to any claim by the
7 owner or holder of any local improvement bond, warrant, or other short-
8 term obligation issued under an ordinance that provides that such
9 obligations shall not be secured by the local improvement guaranty
10 fund.

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