CERTIFICATION OF ENROLLMENT

**SUBSTITUTE SENATE BILL 6342**

Chapter 18, Laws of 2016

64th Legislature

Veto Override 2016 1st Special Session

PRIVATE ACTIVITY BONDS--ALLOCATION

EFFECTIVE DATE: 6/28/2016

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| Passed by the Senate February 11, 2016  Yeas 48 Nays 0  BRAD OWEN  **President of the Senate**  Passed by the House March 1, 2016  Yeas 93 Nays 4  FRANK CHOPP  **Speaker of the House of Representatives** | CERTIFICATE  I, Hunter G. Goodman, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **SUBSTITUTE SENATE BILL 6342** as passed by Senate and the House of Representatives on the dates hereon set forth.  HUNTER G. GOODMAN  **Chief Clerk** |
| Vetoed March 10, 2016 10:21 PM | March 30, 2016 |
| JAY INSLEE  **Governor of the State of Washington** | **Secretary of State**  **State of Washington** |

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**SUBSTITUTE SENATE BILL 6342**

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Passed Legislature - Veto Override 2016 1st Special Session

**State of Washington 64th Legislature 2016 Regular Session**

**By** Senate Financial Institutions & Insurance (originally sponsored by Senators Miloscia and Hobbs; by request of Housing Finance Commission)

AN ACT Relating to private activity bond allocation; and amending RCW 39.86.120, 39.86.140, and 39.86.190.

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

**Sec.**  RCW 39.86.120 and 2010 1st sp.s. c 6 s 6 are each amended to read as follows:

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

|  |  |  |
| --- | --- | --- |
| **BOND USE**  **CATEGORY** |  | **2010 and THEREAFTER** |
| Housing |  | ((~~32.0%~~)) 42.0% |
| Small Issue |  | 25.0% |
| Exempt Facility |  | 20.0% |
| Student Loans |  | ((~~15.0%~~)) 5.0% |
| Public Utility |  | 0.0% |
| Remainder and  Redevelopment |  | 8.0% |

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

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

(4) Should any bond use category no longer be subject to the state ceiling due to federal or state provisions of law, the agency shall divide the amount of that initial allocation among the remaining categories as necessary or appropriate with regard to the criteria specified in RCW 39.86.130.

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

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

**Sec.**  RCW 39.86.140 and 2011 c 211 s 3 are each amended to read as follows:

(1) No issuer may receive an allocation of the state ceiling without a certificate of approval from the agency. The agency may not make an allocation of the state ceiling to an issuer formed or organized under the laws of another state.

(2) For each state ceiling allocation request, an issuer shall submit to the agency, no sooner than ninety days prior to the beginning of a calendar year for which an allocation of the state ceiling is being requested, a form identifying:

(a) The amount of the allocation sought;

(b) The bond use category from which the allocation sought would be made;

(c) The project or program for which the allocation is requested;

(d) The financing schedule for which the allocation is needed; and

(e) Any other such information required by the agency, including information which corresponds to the allocation criteria of RCW 39.86.130.

(3) The agency may approve or deny an allocation for all or a portion of the issuer's request. Any denied request, however, shall remain on file with the agency for the remainder of the calendar year and shall be considered for receiving any allocation, reallocation, or carryforward of unused portions of the state ceiling during that period.

(4) After receiving an allocation request, the agency shall mail to the requesting issuer a written certificate of approval or notice of denial for an allocation amount, by a date no later than the latest of the following:

(a) February 1st of the calendar year for which the request is made; or

(b) Fifteen days from the date the agency receives an allocation request((~~; or~~

~~(c) Fifteen days from the date the agency receives a recommendation by the board with regard to a small issue allocation request, should the board choose to review individual requests~~)).

(5)(a) For requests of the state ceiling of any calendar year, the following applies to all bond use categories except housing and student loans:

(i) Except for housing and student loans, any allocations granted prior to April 1st, for which bonds have not been issued by July 1st of the same calendar year, shall revert to the agency on July 1st of the same calendar year for reallocation unless an extension or carryforward is granted;

(ii) Except for housing and student loans, any allocations granted on or after April 1st, for which bonds have not been issued by October 15th of the same calendar year, shall revert to the agency on October 15th of the same calendar year for reallocation unless an extension or carryforward is granted.

(b) For each calendar year, any housing or student loan allocations, for which bonds have not been issued by December 15th of the same calendar year, shall revert to the agency on December 15th of the same calendar year for reallocation unless an extension or carryforward is granted.

(c) In any calendar year for which no allocation for student loan bonds has been granted by February 1st of that year, the entire initial allocation for student loans may be reallocated to housing on February 1st of the same calendar year.

(6) An extension of the deadlines provided by subsection (5) of this section may be granted by the agency for the approved allocation amount or a portion thereof, based on:

(a) Firm and convincing evidence that the bonds will be issued before the end of the calendar year if the extension is granted; and

(b) Any other criteria the agency deems appropriate.

(7) If an issuer determines that bonds subject to the state ceiling will not be issued for the project or program for which an allocation was granted, the issuer shall promptly notify the agency in writing so that the allocation may be canceled and the amount may be available for reallocation.

(8) Bonds subject to the state ceiling may be issued only to finance the project or program for which a certificate of approval is granted.

(9) Within three business days of the date that bonds for which an allocation of the state ceiling is granted have been delivered to the original purchasers, the issuer shall mail to the agency a written notification of the bond issuance. In accordance with chapter 39.44 RCW, the issuer shall also complete bond issuance information on the form provided by the agency.

(10) If the total amount of bonds issued under the authority of a state ceiling for a project or program is less than the amount allocated, the remaining portion of the allocation shall revert to the agency for reallocation in accordance with the criteria in RCW 39.86.130. If the amount of bonds actually issued under the authority of a state ceiling is greater than the amount allocated, the entire allocation shall be disallowed.

**Sec.**  RCW 39.86.190 and 2010 1st sp.s. c 6 s 11 are each amended to read as follows:

((~~By February 1st of each even-numbered year, the agency shall summarize for the legislature each previous year's bond allocation requests and issuance.~~)) Beginning in ((~~February 2010~~)) June 2018 and thereafter ((~~in February~~)) by June 30th of each even-numbered year, the agency shall ((~~also~~)) submit a biennial report to the legislature summarizing usage of the bond allocation proceeds and any policy concerns for future bond allocations.

**--- END ---**

Passed by the Senate February 11, 2016.

Passed by the House March 1, 2016.

Vetoed by the Governor March 10, 2016.

Filed in Office of Secretary of State March 30, 2016.