

**ESB 5624 - S AMD 526**

By Senators Keiser, Honeyford

ADOPTED 02/10/2016

1 Strike everything after the enacting clause and insert the  
2 following:

3 **"PART 1**

4 **FINDINGS AND INTENT**

5 NEW SECTION. **Sec. 101.** The legislature finds that local  
6 governments that borrow small amounts or access capital markets  
7 infrequently can have difficulty accessing low-cost financing for  
8 their essential public infrastructure projects. Competition has  
9 increased between prior efforts to finance essential public  
10 infrastructure projects with state tax resources and other growing  
11 essential demands on those same state taxes. This competition has  
12 eroded the reliability of state tax funded public infrastructure  
13 financing programs that in turn has created uncertainty and delay in  
14 improving local public infrastructure. The state's excellent credit  
15 standing and frequency of access to capital markets allows the state  
16 to issue bonds at a significantly lower total cost than can be  
17 obtained by many local governments. Therefore, the legislature  
18 intends to improve access and reliability to low-cost financing for  
19 local government infrastructure projects by authorizing public works  
20 bonds when local governments can demonstrate: (1) The importance of  
21 the project; (2) their difficulties accessing existing private credit  
22 markets for borrowings at reasonable interest rates; and (3) the  
23 ability to reliably repay their share of the state's total cost of  
24 retiring the public works bonds.

25 **PART 2**

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

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

1       (~~Unless the context clearly requires otherwise,~~) The  
2 definitions in this section (~~shall~~) apply throughout this chapter  
3 unless the context clearly requires otherwise.

4       (1) "Board" means the public works board created in RCW  
5 43.155.030.

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

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

11       (4) (~~"Financing guarantees" means the pledge of money in the~~  
12 ~~public works assistance account, or money to be received by the~~  
13 ~~public works assistance account, to the repayment of all or a portion~~  
14 ~~of the principal of or interest on obligations issued by local~~  
15 ~~governments to finance public works projects.~~

16       (5)) "Local governments" means cities, towns, counties, special  
17 purpose districts, and any other municipal corporations or quasi-  
18 municipal corporations in the state excluding school districts and  
19 port districts.

20       (6)) (5) "Public works financing assistance program" is the  
21 program established in sections 301 through 305 of this act.

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

25       (7) "Public works project" means a project of a local government  
26 for the planning, acquisition, construction, repair, reconstruction,  
27 replacement, rehabilitation, or improvement of streets and roads,  
28 bridges, water systems, or storm and sanitary sewage systems and  
29 solid waste facilities, including recycling facilities. A planning  
30 project may include the compilation of biological, hydrological, or  
31 other data on a county, drainage basin, or region necessary to  
32 develop a base of information for a capital facility plan.

33       (8)) (8) "Solid waste or recycling project" means remedial  
34 actions necessary to bring abandoned or closed landfills into  
35 compliance with regulatory requirements and the repair, restoration,  
36 and replacement of existing solid waste transfer, recycling  
37 facilities, and landfill projects limited to the opening of landfill  
38 cells that are in existing and permitted landfills.

39       (9)) (9) "Technical assistance" means training and other  
40 services provided to local governments to: (a) Help such local

1 governments plan, apply, and qualify for loans and financing  
2 guarantees from the board, and (b) help local governments improve  
3 their ability to plan for, finance, acquire, construct, repair,  
4 replace, rehabilitate, and maintain public facilities.

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

7 The board may:

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

11 (2) Provide technical assistance to local governments;

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

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

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

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

20 **Sec. 203.** RCW 43.155.050 and 2015 3rd sp.s. c 4 s 959 and 2015  
21 3rd sp.s. c 3 s 7032 are each reenacted and amended to read as  
22 follows:

23 The public works assistance account is ~~((hereby))~~ established in  
24 the state treasury. ~~((Money may be placed in the public works  
25 assistance account from the proceeds of bonds when authorized by the  
26 legislature or from any other lawful source.))~~ Money in the public  
27 works assistance account shall be used to make loans ~~((and to give  
28 financial guarantees))~~ to local governments for public works  
29 projects. Moneys in the account may also be appropriated or  
30 transferred to the water pollution control revolving account and the  
31 drinking water assistance account to provide for state match  
32 requirements under federal law ~~((for projects and activities  
33 conducted and financed by the board under the drinking water  
34 assistance account. Not more than fifteen percent of the biennial  
35 capital budget appropriation to the public works board from this  
36 account may be expended or obligated)).~~ Money in the account may also  
37 be appropriated for the administration of the public works financing  
38 assistance program. Money in the account may also be appropriated for

1 preconstruction loans(~~(7)~~) and emergency loans(~~(, or loans for~~  
2 ~~capital facility planning under this chapter; of this amount, not~~  
3 ~~more than ten percent of the biennial capital budget appropriation~~  
4 ~~may be expended for emergency loans and not more than one percent of~~  
5 ~~the biennial capital budget appropriation may be expended for capital~~  
6 ~~facility planning loans. During the 2015-2017 fiscal biennium, the~~  
7 ~~legislature may transfer from the public works assistance account to~~  
8 ~~the general fund, the water pollution control revolving account, and~~  
9 ~~the drinking water assistance account such amounts as reflect the~~  
10 ~~excess fund balance of the account. During the 2013-2015 fiscal~~  
11 ~~biennium, the legislature may transfer from the public works~~  
12 ~~assistance account to the education legacy trust account such amounts~~  
13 ~~as specified by the legislature)). During the 2015-2017 fiscal~~  
14 ~~biennium, the legislature may appropriate moneys from the account for~~  
15 ~~activities related to the growth management act and the voluntary~~  
16 ~~stewardship program. During the 2015-2017 fiscal biennium, the~~  
17 ~~legislature may transfer from the public works assistance account to~~  
18 ~~the state general fund such amounts as specified by the legislature.~~  
19 ~~In the 2017-2019 fiscal biennium the legislature intends to allocate~~  
20 ~~seventy-three million dollars of future loan repayments paid into the~~  
21 ~~public works assistance account to support basic education.~~

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

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

26 ~~((1))~~ (a) Make low-interest or interest-free loans to local  
27 governments from the public works assistance account (~~or other funds~~  
28 ~~and accounts)) for the purpose of assisting local governments in~~  
29 ~~financing public works projects. The board may require such terms and~~  
30 ~~conditions and may charge such rates of interest on its loans as it~~  
31 ~~deems necessary or convenient to carry out the purposes of this~~  
32 ~~(chapter)) section. Money received from local governments in~~  
33 ~~repayment of loans made under this section shall be paid into the~~  
34 ~~public works assistance account for uses consistent with this~~  
35 ~~chapter.~~

36 ~~((2) Pledge money in the public works assistance account, or~~  
37 ~~money to be received by the public works assistance account, to the~~  
38 ~~repayment of all or a portion of the principal of or interest on~~  
39 ~~obligations issued by local governments to finance public works~~

1 ~~projects. The board shall not pledge any amount greater than the sum~~  
2 ~~of money in the public works assistance account plus money to be~~  
3 ~~received from the payment of the debt service on loans made from that~~  
4 ~~account, nor shall the board pledge the faith and credit or the~~  
5 ~~taxing power of the state or any agency or subdivision thereof to the~~  
6 ~~repayment of obligations issued by any local government.~~

7 ~~(3))~~ (b) Create such subaccounts in the public works assistance  
8 account as the board deems necessary to carry out the purposes of  
9 this chapter.

10 ~~((4))~~ (c) Provide a method for the allocation of loans ~~((and~~  
11 ~~financing guarantees))~~ and the provision of technical assistance  
12 under this chapter.

13 (2) All local public works projects aided in whole or in part  
14 under the provisions of this chapter shall be put out for competitive  
15 bids, except for emergency public works under RCW 43.155.065 for  
16 which the recipient jurisdiction shall comply with this requirement  
17 to the extent feasible and practicable. The competitive bids called  
18 for shall be administered in the same manner as all other public  
19 works projects put out for competitive bidding by the local  
20 governmental entity aided under this chapter.

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

23 The board may make low-interest or interest-free loans to local  
24 governments for emergency public works projects from the public works  
25 assistance account. Emergency public works projects shall include the  
26 construction, repair, reconstruction, replacement, rehabilitation, or  
27 improvement of a public water system that is in violation of health  
28 and safety standards and is being operated by a local government on a  
29 temporary basis. The loans may be used to help fund all or part of an  
30 emergency public works project less any reimbursement from any of the  
31 following sources: (1) Federal disaster or emergency funds, including  
32 funds from the federal emergency management agency; (2) state  
33 disaster or emergency funds; (3) insurance settlements; or (4)  
34 litigation.

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

37 (1) The board may make low-interest or interest-free loans to  
38 local governments from the public works assistance account for

1 preconstruction activities on public works projects before the  
2 legislature approves the construction phase of the project.  
3 Preconstruction activities include design, engineering, bid-document  
4 preparation, environmental studies, right-of-way acquisition, and  
5 other preliminary phases of public works projects as determined by  
6 the board. The purpose of the loans authorized in this section is to  
7 accelerate the completion of public works projects by allowing  
8 preconstruction activities to be performed before the approval of the  
9 construction phase of the project by the legislature.

10 (2) Projects receiving loans for preconstruction activities under  
11 this section must be evaluated using the priority process and factors  
12 in RCW 43.155.070(~~((2+))~~) (4). The receipt of a loan for  
13 preconstruction activities does not ensure the receipt of a  
14 construction loan for the project under this chapter. Construction  
15 loans for projects receiving a loan for preconstruction activities  
16 under this section are subject to legislative approval under RCW  
17 43.155.070 (~~((4) and (5))~~) (7) and (8). The board shall adopt a  
18 single application process for local governments seeking both a loan  
19 for preconstruction activities under this section and a construction  
20 loan for the project from the public works assistance account.

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

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

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

28 (b) The local government must have developed a capital facility  
29 plan; and

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

33 (2) Except where necessary to address a public health need or  
34 substantial environmental degradation, a county, city, or town  
35 planning under RCW 36.70A.040 may not receive financial assistance  
36 from the public works assistance account under this chapter unless it  
37 has adopted a comprehensive plan, including a capital facilities plan  
38 element, and development regulations as required by RCW 36.70A.040.  
39 This subsection does not require any county, city, or town planning

1 under RCW 36.70A.040 to adopt a comprehensive plan or development  
2 regulations before requesting or receiving financial assistance under  
3 this chapter if such request is made before the expiration of the  
4 time periods specified in RCW 36.70A.040. A county, city, or town  
5 planning under RCW 36.70A.040 that has not adopted a comprehensive  
6 plan and development regulations within the time periods specified in  
7 RCW 36.70A.040 may apply for and receive financial assistance under  
8 this chapter if the comprehensive plan and development regulations  
9 are adopted as required by RCW 36.70A.040 before executing a  
10 contractual agreement for financial assistance with the board.

11 (3) In considering awarding financial assistance from the public  
12 works assistance account for public facilities to special districts  
13 requesting funding for a proposed facility located in a county, city,  
14 or town planning under RCW 36.70A.040, the board must consider  
15 whether the county, city, or town planning under RCW 36.70A.040 in  
16 whose planning jurisdiction the proposed facility is located has  
17 adopted a comprehensive plan and development regulations as required  
18 by RCW 36.70A.040.

19 (4) The board must develop a priority process for public works  
20 projects financed from the public works assistance account as  
21 provided in this section. The intent of the priority process is to  
22 maximize the value of public works projects accomplished with  
23 assistance under this chapter. The board must attempt to (~~assure~~)  
24 ensure a geographical balance in assigning priorities to projects.  
25 The board must consider at least the following factors in assigning a  
26 priority to a project:

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

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

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

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

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

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

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

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

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

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

13 (k) Except as otherwise conditioned by RCW 43.155.120, and  
14 effective one calendar year following the development of model  
15 evergreen community management plans and ordinances under RCW  
16 35.105.050, whether the entity receiving assistance has been  
17 recognized, and what gradation of recognition was received, in the  
18 evergreen community recognition program created in RCW 35.105.030;

19 (l) The relative benefit of the project to the community,  
20 considering the present level of economic activity in the community  
21 and the existing local capacity to increase local economic activity  
22 in communities that have low economic growth; and

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

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

27 (a) The board must develop a process for numerically ranking  
28 applications for construction loans submitted by local governments.  
29 The board must consider, at a minimum and in any order, the following  
30 factors in assigning a numerical ranking to a project:

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

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

34 (iii) The extent to which the project is ready to proceed to  
35 construction;

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

38 (v) Whether the project promotes the sustainable use of resources  
39 and environmental quality;

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

1 (vii) Whether the project encourages economic development through  
2 mixed-use and mixed income development consistent with chapter 36.70A  
3 RCW;

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

6 (ix) Achieving equitable distribution of funds by geography and  
7 population;

8 (x) The extent to which the project meets the following state  
9 policy objectives:

10 (A) Efficient use of state resources;

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

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

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

15 (E) Fostering economic development consistent with chapter 36.70A  
16 RCW;

17 (F) Efficiency in delivery of goods and services, public transit,  
18 and transportation;

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

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

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

24 (b) Before November 1, 2016, the board must develop and submit to  
25 the appropriate fiscal committees of the senate and house of  
26 representatives a ranked list of qualified public works projects  
27 which have been evaluated by the board and are recommended for  
28 funding by the legislature. The maximum amount of funding that the  
29 board may recommend for any jurisdiction is ten million dollars per  
30 biennium. For each project on the ranked list, as well as for  
31 eligible projects not recommended for funding, the board must  
32 document the numerical ranking that was assigned.

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

38 (7) Before November 1st of each even-numbered year, the board  
39 must develop and submit to the appropriate fiscal committees of the  
40 senate and house of representatives a description of the loans made

1 under RCW 43.155.065, 43.155.068, and subsection (10) of this section  
2 during the preceding fiscal year and a prioritized list of projects  
3 which are recommended for funding by the legislature, including one  
4 copy to the staff of each of the committees. The list must include,  
5 but not be limited to, a description of each project and recommended  
6 financing, the terms and conditions of the loan or financial  
7 guarantee, the local government jurisdiction and unemployment rate,  
8 demonstration of the jurisdiction's critical need for the project and  
9 documentation of local funds being used to finance the public works  
10 project. The list must also include measures of fiscal capacity for  
11 each jurisdiction recommended for financial assistance, compared to  
12 authorized limits and state averages, including local government  
13 sales taxes; real estate excise taxes; property taxes; and charges  
14 for or taxes on sewerage, water, garbage, and other utilities.

15 (8) The board may not sign contracts or otherwise financially  
16 obligate funds from the public works assistance account before the  
17 legislature has appropriated funds for a specific list of public  
18 works projects. The legislature may remove projects from the list  
19 recommended by the board. The legislature may not change the order of  
20 the priorities recommended for funding by the board.

21 (9) Subsection (8) of this section does not apply to loans made  
22 under RCW 43.155.065, 43.155.068, and subsection (10) of this  
23 section.

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

26 (11) To qualify for loans (~~or pledges~~) from the public works  
27 assistance account for solid waste or recycling facilities under this  
28 chapter, a city or county must demonstrate that the solid waste or  
29 recycling facility is consistent with and necessary to implement the  
30 comprehensive solid waste management plan adopted by the city or  
31 county under chapter 70.95 RCW.

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

37 (13) During the 2015-2017 fiscal biennium, for projects funded  
38 from the public works assistance account involving repair,  
39 replacement, or improvement of a wastewater treatment plant or other  
40 public works facility for which an investment grade efficiency audit

1 is obtainable, the public works board must require as a contract  
2 condition that the project sponsor undertake an investment grade  
3 efficiency audit. The project sponsor may finance the costs of the  
4 audit as part of its public works assistance account program loan.

5 (14)((a)) For public works assistance account application  
6 rounds conducted during the 2015-2017 fiscal biennium, the board must  
7 implement policies and procedures designed to maximize local  
8 government use of federal funds to finance local infrastructure  
9 including, but not limited to, drinking water and clean water state  
10 revolving funds operated by the state departments of health and  
11 ecology. Projects that are eligible for the drinking water and clean  
12 water state revolving funds may receive public works board  
13 preconstruction loans. Projects that are eligible for the drinking  
14 water and clean water state revolving funds are not eligible for  
15 public works board construction loans. For purposes of this  
16 subsection "eligible for drinking water and clean water state  
17 revolving funds" means:

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

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

22 ((iii)) (c) Projects that have not applied, but would likely be  
23 eligible if the project applied and met the project readiness  
24 requirements.

25 ~~((b) For all construction loan projects proposed to the  
26 legislature for funding during the 2015-2017 fiscal biennium, the  
27 board must base interest rates on the average daily market interest  
28 rate for tax-exempt municipal bonds as published in the bond buyer's  
29 index for the period from sixty to thirty days before the start of  
30 the application cycle. For projects with a repayment period between  
31 five and twenty years, the rate must be sixty percent of the market  
32 rate. For projects with a repayment period under five years, the rate  
33 must be thirty percent of the market rate. The board must also  
34 provide reduced interest rates, extended repayment periods, or  
35 forgivable principal loans for projects that meet financial hardship  
36 criteria as measured by the affordability index or similar standard  
37 measure of financial hardship.))~~

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

1 In providing loans for public works projects from the public  
2 works assistance account, the board shall require recipients to  
3 incorporate the environmental benefits of the project into their  
4 applications, and the board shall utilize the statement of  
5 environmental benefits in its prioritization and selection process.  
6 The board shall also develop appropriate outcome-focused performance  
7 measures to be used both for management and performance assessment of  
8 the loan program. To the extent possible, the department should  
9 coordinate its performance measure system with other natural  
10 resource-related agencies as defined in RCW 43.41.270. The board  
11 shall consult with affected interest groups in implementing this  
12 section.

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

15 When administering funds from the public works assistance account  
16 under this chapter, the board shall give preference only to an  
17 evergreen community recognized under RCW 35.105.030 in comparison to  
18 other entities that are eligible to receive evergreen community  
19 designation. Entities not eligible for designation as an evergreen  
20 community shall not be given less preferential treatment than an  
21 evergreen community.

### 22 PART 3

#### 23 PUBLIC WORKS FINANCING ASSISTANCE PROGRAM

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

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

30 (a) Provide safe and adequate drinking water;

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

32 (c) Provide safe and efficient transportation, including public  
33 parking facilities, public transit facilities, and nonmotorized  
34 transportation;

35 (d) Provide or renovate facilities for safe and readily  
36 accessible recreation;

1 (e) Provide flood control and floodplain management facilities  
2 and improvements;

3 (f) Provide water supply improvements and water basin management  
4 enhancements, including culvert replacement projects to improve fish  
5 passage;

6 (g) Provide or renovate county or city criminal justice  
7 facilities;

8 (h) Provide or renovate fire protection or emergency medical  
9 response services facilities; or

10 (i) Provide or renovate public library facilities.

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

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

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

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

28 (3) The board must prioritize applications for assistance under  
29 the public works financing assistance program to achieve the greatest  
30 community benefit in jurisdictions that would most benefit from this  
31 assistance as measured by the difference in the total cost of  
32 financing under this program compared to financing cost from private  
33 capital markets. The board must adopt criteria for prioritizing  
34 applications and submit the scoring under those criteria in the  
35 annual report required in section 302 of this act.

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

38 (1) The board must not sign contracts or otherwise financially  
39 obligate funds from the public works financing assistance account

1 created in section 303 of this act unless the legislature has  
2 authorized the necessary bonds and appropriated sufficient amounts  
3 from the account for the approved projects.

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

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

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

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

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

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

20 (b) The total amount of loan disbursements made from the public  
21 works financing assistance bond repayment account, created in section  
22 304 of this act, in the preceding fiscal year;

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

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

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

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

35 The public works financing assistance account is created in the  
36 state treasury. All bond proceeds issued to support public works  
37 financing assistance projects must be deposited in the account.  
38 Moneys in the account may be spent only after appropriation.

1 Expenditures from the account may be used only for the public works  
2 financing assistance program.

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

5 The public works financing assistance bond repayment account is  
6 created in the custody of the state treasury. All repayments for  
7 public works financing loans from local governments must be deposited  
8 in the account. Expenditures from the account must only be made for  
9 payment of principal and interest to retire bonds issued pursuant to  
10 this section. The account is subject to the allotment procedures  
11 under chapter 43.88 RCW, but an appropriation is not required for  
12 expenditures.

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

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

17 (a) The board:

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

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

24 (2) If the board is unable to collect sufficient revenues to meet  
25 debt service obligations on bonds issued to support public works  
26 financing loans, the legislature must take any action legally  
27 authorized to raise such revenue from loan repayments to meet this  
28 obligation, including, but not limited to, collect loan repayments  
29 directly from distributions to local governments in the event of  
30 nonpayment, or any other method deemed appropriate to ensure that  
31 adequate revenues are received to meet debt service obligations.

32 (3) If there is insufficient revenue to meet projected debt  
33 service obligations, as determined by the office of the state  
34 treasurer, the state finance committee may not approve the issuance  
35 or sale of bonds for this purpose until such time as the projected  
36 amount of revenue is at least equal to the projected amount of debt  
37 service then owed on bonds issued to support public works financing  
38 loans.

1 **PART 4**

2 **MISCELLANEOUS PROVISIONS**

3 NEW SECTION. **Sec. 401.** This act takes effect January 1, 2017,  
4 if the proposed amendment to Article VIII, section 1 of the state  
5 Constitution, contained in Second Engrossed Senate Joint Resolution  
6 No. 8204, is validly submitted to and is approved and ratified by  
7 voters at the next general election. If the proposed amendment is not  
8 approved and ratified, this act is void in its entirety."

**ESB 5624 - S AMD 526**

By Senators Keiser, Honeyford

**ADOPTED 02/10/2016**

9 On page 1, beginning on line 1 of the title, after  
10 "infrastructure;" strike the remainder of the title and insert  
11 "amending RCW 43.155.020, 43.155.040, 43.155.060, 43.155.065,  
12 43.155.068, 43.155.070, 43.155.075, and 43.155.120; reenacting and  
13 amending RCW 43.155.050; adding new sections to chapter 43.155 RCW;  
14 creating a new section; and providing a contingent effective date."

--- END ---