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**ENGROSSED SECOND SUBSTITUTE HOUSE BILL 1080**

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**State of Washington 65th Legislature 2018 Regular Session**

**By** House Capital Budget (originally sponsored by Representatives Tharinger and DeBolt; by request of Office of Financial Management)

AN ACT Relating to state general obligation bonds and related accounts; amending RCW 43.99G.150 and 43.99G.170; adding a new section to chapter 43.99H RCW; adding a new section to chapter 28B.14H RCW; adding new chapters to Title 43 RCW; and declaring an emergency.

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

**PART I**

**CAPITAL PROJECTS BONDS**

NEW SECTION. **Sec.**  For the purpose of providing funds to finance the projects described and authorized by the legislature in the omnibus capital and operating appropriations acts for the 2017-2019 fiscal biennium, and all costs incidental thereto, the state finance committee is authorized to issue general obligation bonds of the state of Washington in the sum of two billion nine hundred thirty million two hundred thirty thousand dollars, or as much thereof as may be required, to finance these projects and all costs incidental thereto. Bonds authorized in this section may be sold at such price as the state finance committee shall determine. No bonds authorized in this section may be offered for sale without prior legislative appropriation of the net proceeds of the sale of the bonds.

NEW SECTION. **Sec.**  (1) The proceeds from the sale of bonds authorized in section 101 of this act shall be deposited in the state building construction account created by RCW 43.83.020. The proceeds shall be transferred as follows:

(a) Two billion seven hundred six million one hundred thirty-one thousand dollars to remain in the state building construction account created by RCW 43.83.020;

(b) Two hundred twenty-four million ninety-nine thousand dollars to the state taxable building construction account. All receipts from taxable bonds issued are to be deposited into the account. If the state finance committee deems it necessary or advantageous to issue more than the amount specified in this subsection (1)(b) as taxable bonds in order to comply with federal internal revenue service rules and regulations pertaining to the use of nontaxable bond proceeds or in order to reduce the total financing costs for bonds issued, the proceeds of such additional taxable bonds shall be transferred to the state taxable building construction account in lieu of any transfer otherwise provided by this section. If the state finance committee determines that a portion of the amount specified in this subsection (1)(b) as taxable bonds may be issued as nontaxable bonds in compliance with federal internal revenue service rules and regulations pertaining to the use of nontaxable bond proceeds, then such bond proceeds shall be transferred to the state building construction account in lieu of the transfer to the state taxable building construction account otherwise provided by this subsection (1)(b). The state treasurer shall submit written notice to the director of financial management if it is determined that any such additional transfer to the state taxable building construction account is necessary or that a transfer from the state taxable building construction account to the state building construction account may be made. Moneys in the account may be spent only after appropriation.

(c) The treasurer shall transfer bond proceeds deposited in the state building construction account into the outdoor recreation account created by RCW 79A.25.060, the habitat conservation account created by RCW 79A.15.020, the farm and forest account created by RCW 79A.15.130, and the early learning facilities development account, at various times and in various amounts necessary to support authorized expenditures from those accounts.

(d) The treasurer shall transfer bond proceeds deposited in the state taxable building construction account into the early learning facilities revolving account, at various times and in various amounts necessary to support authorized expenditures from that account.

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

NEW SECTION. **Sec.**  (1) The debt-limit general fund bond retirement account shall be used for the payment of the principal of and interest on the bonds authorized in section 101 of this act.

(2) The state finance committee shall, on or before June 30th of each year, certify to the state treasurer the amount needed in the ensuing twelve months to meet the bond retirement and interest requirements on the bonds authorized in section 101 of this act.

(3) On each date on which any interest or principal and interest payment is due on bonds issued for the purposes of section 102(1) (a) through (d) of this act the state treasurer shall withdraw from any general state revenues received in the state treasury and deposit in the debt-limit general fund bond retirement account an amount equal to the amount certified by the state finance committee to be due on the payment date.

NEW SECTION. **Sec.**  (1) Bonds issued under section 101 of this act shall state that they are a general obligation of the state of Washington, shall pledge the full faith and credit of the state to the payment of the principal thereof and the interest thereon, and shall contain an unconditional promise to pay the principal and interest as the same shall become due.

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

NEW SECTION. **Sec.**  The legislature may provide additional means for raising moneys for the payment of the principal of and interest on the bonds authorized in section 101 of this act, and sections 102 and 103 of this act shall not be deemed to provide an exclusive method for the payment.

**PART II**

**WATERSHED RESTORATION AND ENHANCEMENT BONDS**

NEW SECTION. **Sec.**  For the purpose of providing funds for the watershed and fisheries restoration and enhancement program, the state finance committee is authorized to issue general obligation bonds of the state of Washington in the sum of three hundred million dollars, or as much thereof as may be required, to finance the projects and all costs incidental thereto. Bonds authorized in this section may be sold at such price as the state finance committee shall determine.

NEW SECTION. **Sec.**  It is the intent of the legislature that the proceeds of the new bonds authorized in section 201 of this act will be dispersed in phases of no more than twenty million dollars per year over fifteen years, beginning with the 2017-2019 biennium. This is not intended to limit the state's ability to disperse bond proceeds if the full amount authorized in section 201 of this act has not been dispersed after fifteen years. The authorization to issue bonds contained in section 201 of this act does not expire until the full authorization has been issued and dispersed.

NEW SECTION. **Sec.**  The proceeds from the sale of the bonds authorized in section 201 of this act must be deposited in the watershed restoration and enhancement bond account. If the state finance committee deems it necessary to issue the bonds authorized in section 201 of this act as taxable bonds in order to comply with federal internal revenue service rules and regulations pertaining to the use of nontaxable bond proceeds, the proceeds of such taxable bonds must be deposited into the watershed restoration and enhancement taxable bond account. The state treasurer shall submit written notice to the director of financial management if it is determined that any such transfer to the watershed restoration and enhancement taxable bond account is necessary. The proceeds shall be used exclusively for the purposes specified in section 201 of this act and for the payment of expenses incurred in the issuance and sale of the bonds. These proceeds shall be administered by the office of financial management.

NEW SECTION. **Sec.**  The debt-limit general fund bond retirement account shall be used for the payment of the principal of and interest on the bonds authorized in section 201 of this act. The state finance committee shall, on or before June 30th of each year, certify to the state treasurer the amount needed in the ensuing twelve months to meet the bond retirement and interest requirements. On each date on which any interest or principal and interest payment is due, the state treasurer shall withdraw from any general state revenues received in the state treasury and deposit in the debt-limit general fund bond retirement account an amount equal to the amount certified by the state finance committee to be due on the payment date. Bonds issued under section 201 of this act shall state that they are a general obligation of the state of Washington, shall pledge the full faith and credit of the state to the payment of the principal thereof and the interest thereon, and shall contain an unconditional promise to pay the principal and interest as the same shall become due.

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

NEW SECTION. **Sec.**  The legislature may provide additional means for raising moneys for the payment of the principal of and interest on the bonds authorized in section 201 of this act, and section 204 of this act shall not be deemed to provide an exclusive method for the payment.

NEW SECTION. **Sec.**  The bonds authorized in section 201 of this act shall be a legal investment for all state funds or funds under state control and for all funds of any other public body.

NEW SECTION. **Sec.**  Sections 201 through 206 of this act constitute a new chapter in Title 43 RCW.

**PART III**

**MISCELLANEOUS**

**Sec.**  RCW 43.99G.150 and 2006 c 167 s 101 are each amended to read as follows:

(1) For the purpose of providing funds for state correctional facilities, the state finance committee is authorized to issue general obligation bonds of the state of Washington in the sum of fifty-nine million three hundred thousand dollars, or as much thereof as may be required, to finance the projects and all costs incidental thereto. Bonds authorized in this section may be sold at such price as the state finance committee shall determine. No bonds authorized in this section may be offered for sale without prior legislative appropriation of the net proceeds of the sale of the bonds.

(2) If any bonds authorized in this chapter have not been issued by June 30, 2018, the authority of the state finance committee to issue such remaining unissued bonds expires June 30, 2018.

**Sec.**  RCW 43.99G.170 and 2006 c 167 s 301 are each amended to read as follows:

(1) For the purpose of providing funds for the Hood Canal aquatic rehabilitation program, the state finance committee is authorized to issue general obligation bonds of the state of Washington in the sum of six million nine hundred twenty thousand dollars, or as much thereof as may be required, to finance the projects and all costs incidental thereto. Bonds authorized in this section may be sold at such price as the state finance committee shall determine. No bonds authorized in this section may be offered for sale without prior legislative appropriation of the net proceeds of the sale of the bonds.

(2) If any bonds authorized in this chapter have not been issued by June 30, 2018, the authority of the state finance committee to issue such remaining unissued bonds expires June 30, 2018.

NEW SECTION. **Sec.**  A new section is added to chapter 43.99H RCW to read as follows:

If any bonds authorized in this chapter have not been issued by June 30, 2018, the authority of the state finance committee to issue such remaining unissued bonds expires June 30, 2018.

NEW SECTION. **Sec.**  A new section is added to chapter 28B.14H RCW to read as follows:

If any bonds authorized in this chapter have not been issued by June 30, 2018, the authority of the state finance committee to issue such remaining unissued bonds expires June 30, 2018.

NEW SECTION. **Sec.**  Sections 101 through 105 of this act constitute a new chapter in Title 43 RCW.

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

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

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