

2 **SHB 1517** - S COMM AMD
3 By Committee on Government Operations

4 ADOPTED - 4/4/95

5 Strike everything after the enacting clause and insert the
6 following:

7 "NEW SECTION. **Sec. 1.** The purpose of this act is to assist
8 community and economic development by clarifying the authority of all
9 cities, towns, counties, and public corporations to engage in federally
10 guaranteed "conduit financings" and to specify procedures that may be
11 used for such conduit financings. Generally, in such a conduit
12 financing a municipality borrows funds from the federal government or
13 from private sources with the help of federal guarantees, without
14 pledging the credit or tax revenues of the municipality, and then lends
15 the proceeds for private projects that both fulfill public purposes,
16 such as community and economic development, and provide the revenues to
17 retire the municipal borrowings. Such conduit financings include
18 issuance by municipalities of federally guaranteed notes under section
19 108 of the housing and community development act of 1974, as amended,
20 to finance projects eligible under federal community development block
21 grant regulations.

22 **Sec. 2.** RCW 35.21.735 and 1985 c 332 s 3 are each amended to read
23 as follows:

24 (1) The legislature hereby declares that carrying out the purposes
25 of federal grants or programs is both a public purpose and an
26 appropriate function for (~~such~~) a city, town, county, or public
27 corporation. The provisions of RCW 35.21.730 through 35.21.755 and RCW
28 35.21.660 and 35.21.670 and the enabling authority herein conferred to
29 implement these provisions shall be construed to accomplish the
30 purposes of RCW 35.21.730 through 35.21.755.

31 (2) All cities, towns (~~and~~), counties, and public corporations
32 shall have the power and authority to enter into agreements with the
33 United States or any agency or department thereof, or any agency of the
34 state government or its political subdivisions, and pursuant to such
35 agreements may receive and expend, or cause to be received and expended

1 by a custodian or trustee, federal or private funds for any lawful
2 public purpose. Pursuant to any such agreement, a city, town, county,
3 or public corporation may issue bonds, notes, or other evidences of
4 indebtedness that are guaranteed or otherwise secured by funds or other
5 instruments provided by or through the federal government or by the
6 federal government or an agency or instrumentality thereof under
7 section 108 of the housing and community development act of 1974 (42
8 U.S.C. Sec. 5308), as amended, or its successor, and may agree to repay
9 and reimburse for any liability thereon any guarantor of any such
10 bonds, notes, or other evidences of indebtedness issued by such
11 jurisdiction or public corporation, or issued by any other public
12 entity. For purposes of this subsection federal housing mortgage
13 insurance shall not constitute a federal guarantee or security.

14 (3) A city, town, county, or public corporation may pledge, as
15 security for any such bonds, notes, or other evidences of indebtedness
16 or for its obligations to repay or reimburse any guarantor thereof, its
17 right, title, and interest in and to any or all of the following: (a)
18 Any federal grants or payments received or that may be received in the
19 future; (b) any of the following that may be obtained directly or
20 indirectly from the use of any federal or private funds received as
21 authorized in this section: (i) Property and interests therein, and
22 (ii) revenues; (c) any payments received or owing from any person
23 resulting from the lending of any federal or private funds received as
24 authorized in this section; (d) any proceeds under (a), (b), or (c) of
25 this subsection and any securities or investments in which (a), (b), or
26 (c) of this subsection or proceeds thereof may be invested; (e) any
27 interest or other earnings on (a), (b), (c), or (d) of this subsection.

28 (4) A city, town, county, or public corporation may establish one
29 or more special funds relating to any or all of the sources listed in
30 subsection (3)(a) through (e) of this section and pay or cause to be
31 paid from such fund the principal, interest, premium if any, and other
32 amounts payable on any bonds, notes, or other evidences of indebtedness
33 authorized under this section, and pay or cause to be paid any amounts
34 owing on any obligations for repayment or reimbursement of guarantors
35 of any such bonds, notes, or other evidences of indebtedness. A city,
36 town, county, or public corporation may contract with a financial
37 institution either to act as trustee or custodian to receive,
38 administer, and expend any federal or private funds, or to collect,
39 administer, and make payments from any special fund as authorized under

1 this section, or both, and to perform other duties and functions in
2 connection with the transactions authorized under this section. If the
3 bonds, notes, or other evidences of indebtedness and related agreements
4 comply with subsection (6) of this section, then any such funds held by
5 any such trustee or custodian, or by a public corporation, shall not
6 constitute public moneys or funds of any city, town, or county and at
7 all times shall be kept segregated and set apart from other funds.

8 (5) For purposes of this section, "lawful public purpose" includes,
9 without limitation, any use of funds, including loans thereof to public
10 or private parties, authorized by the agreements with the United States
11 or any department or agency thereof under which federal or private
12 funds are obtained, or authorized under the federal laws and
13 regulations pertinent to such agreements.

14 (6) If any such federal or private funds are loaned or granted to
15 any private party or used to guarantee any obligations of any private
16 party, then any bonds, notes, other evidences of indebtedness issued or
17 entered into for the purpose of receiving or causing the receipt of
18 such federal or private funds, and any agreements to repay or reimburse
19 guarantors, shall not be obligations of any city, town, or county and
20 shall be payable only from a special fund as authorized in this section
21 or from any of the security pledged pursuant to the authority of this
22 section, or both. Any bonds, notes, or other evidences of indebtedness
23 to which this subsection applies shall contain a recital to the effect
24 that they are not obligations of the city, town, or county or the state
25 of Washington and that neither the faith and credit nor the taxing
26 power of the state or any municipal corporation or subdivision of the
27 state or any agency of any of the foregoing, is pledged to the payment
28 of principal, interest, or premium, if any, thereon. Any bonds, notes,
29 other evidences of indebtedness, or other obligations to which this
30 subsection applies shall not be included in any computation for
31 purposes of limitations on indebtedness. To the extent expressly
32 agreed in writing by a city, town, county, or public corporation, this
33 subsection shall not apply to bonds, notes, or other evidences of
34 indebtedness issued for, or obligations incurred for, the necessary
35 support of the poor and infirm by that city, town, county, or public
36 corporation.

37 (7) Any bonds, notes, or other evidences of indebtedness issued by,
38 or reimbursement obligations incurred by, a city, town, county, or
39 public corporation consistent with the provisions of this section but

1 prior to the effective date of this section, and any loans or pledges
2 made by a city, town, or county in connection therewith substantially
3 consistent with the provisions of this section but prior to the
4 effective date of this section, are deemed authorized and shall not be
5 held void, voidable, or invalid due to any lack of authority under the
6 laws of this state.

7 NEW SECTION. **Sec. 3.** If any provision of this act or its
8 application to any person or circumstance is held invalid, the
9 remainder of the act or the application of the provision to other
10 persons or circumstances is not affected.

11 NEW SECTION. **Sec. 4.** The authority granted by this act is
12 additional and supplemental to any other authority of any city, town,
13 county, or public corporation. Nothing in this act may be construed to
14 imply that any of the power or authority granted hereby was not
15 available to any city, town, county, or public corporation under prior
16 law. Any previous actions consistent with the provisions of this act
17 are ratified and confirmed.

18 NEW SECTION. **Sec. 5.** This act is necessary for the immediate
19 preservation of the public peace, health, or safety, or support of the
20 state government and its existing public institutions, and shall take
21 effect immediately."

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25 On page 1, line 2 of the title, after "governments;" strike the
26 remainder of the title and insert "amending RCW 35.21.735; creating new
27 sections; and declaring an emergency."

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