

CERTIFICATION OF ENROLLMENT

HOUSE BILL 2779

Chapter 48, Laws of 1998

55th Legislature
1998 Regular Session

WASHINGTON ECONOMIC DEVELOPMENT FINANCE AUTHORITY--DEBT LIMIT
INCREASE

EFFECTIVE DATE: 6/11/98

Passed by the House February 11, 1998
Yeas 96 Nays 0

CLYDE BALLARD
**Speaker of the
House of Representatives**

Passed by the Senate March 5, 1998
Yeas 42 Nays 0

BRAD OWEN
President of the Senate

Approved March 18, 1998

GARY LOCKE
Governor of the State of Washington

CERTIFICATE

I, Timothy A. Martin, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **HOUSE BILL 2779** as passed by the House of Representatives and the Senate on the dates hereon set forth.

TIMOTHY A. MARTIN
Chief Clerk

FILED

March 18, 1998 - 6:10 p.m.

**Secretary of State
State of Washington**

HOUSE BILL 2779

Passed Legislature - 1998 Regular Session

State of Washington

55th Legislature

1998 Regular Session

By Representatives Dunn and Morris

Read first time 01/20/98. Referred to Committee on Trade & Economic Development.

1 AN ACT Relating to the Washington economic development finance
2 authority; and amending RCW 43.163.130 and 43.163.210.

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

4 **Sec. 1.** RCW 43.163.130 and 1994 c 238 s 5 are each amended to read
5 as follows:

6 (1) The authority may issue its nonrecourse revenue bonds in order
7 to obtain the funds to carry out the programs authorized in this
8 chapter. The bonds shall be special obligations of the authority,
9 payable solely out of the special fund or funds established by the
10 authority for their repayment.

11 (2) Any bonds issued under this chapter may be secured by a
12 financing document between the authority and the purchasers or owners
13 of such bonds or between the authority and a corporate trustee, which
14 may be any trust company or bank having the powers of a trust company
15 within or without the state.

16 (a) The financing document may pledge or assign, in whole or in
17 part, the revenues and funds held or to be received by the authority,
18 any present or future contract or other rights to receive the same, and
19 the proceeds thereof.

1 (b) The financing document may contain such provisions for
2 protecting and enforcing the rights, security, and remedies of
3 bondowners as may be reasonable and proper, including, without limiting
4 the generality of the foregoing, provisions defining defaults and
5 providing for remedies in the event of default which may include the
6 acceleration of maturities, restrictions on the individual rights of
7 action by bondowners, and covenants setting forth duties of and
8 limitations on the authority in conduct of its programs and the
9 management of its property.

10 (c) In addition to other security provided in this chapter or
11 otherwise by law, bonds issued by the authority may be secured, in
12 whole or in part, by financial guaranties, by insurance or by letters
13 of credit issued to the authority or a trustee or any other person, by
14 any bank, trust company, insurance or surety company or other financial
15 institution, within or without the state. The authority may pledge or
16 assign, in whole or in part, the revenues and funds held or to be
17 received by the authority, any present or future contract or other
18 rights to receive the same, and the proceeds thereof, as security for
19 such guaranties or insurance or for the reimbursement by the authority
20 to any issuer of such letter of credit of any payments made under such
21 letter of credit.

22 (3) Without limiting the powers of the authority contained in this
23 chapter, in connection with each issue of its obligation bonds, the
24 authority shall create and establish one or more special funds,
25 including, but not limited to debt service and sinking funds, reserve
26 funds, project funds, and such other special funds as the authority
27 deems necessary, useful, or convenient.

28 (4) Any security interest created against the unexpended bond
29 proceeds and against the special funds created by the authority shall
30 be immediately valid and binding against the money and any securities
31 in which the money may be invested without authority or trustee
32 possession. The security interest shall be prior to any party having
33 any competing claim against the moneys or securities, without filing or
34 recording under Article 9 of the Uniform Commercial Code, Title 62A
35 RCW, and regardless of whether the party has notice of the security
36 interest.

37 (5) The bonds may be issued as serial bonds, term bonds or any
38 other type of bond instrument consistent with the provisions of this
39 chapter. The bonds shall bear such date or dates; mature at such time

1 or times; bear interest at such rate or rates, either fixed or
2 variable; be payable at such time or times; be in such denominations;
3 be in such form; bear such privileges of transferability,
4 exchangeability, and interchangeability; be subject to such terms of
5 redemption; and be sold at public or private sale, in such manner, at
6 such time or times, and at such price or prices as the authority shall
7 determine. The bonds shall be executed by the manual or facsimile
8 signatures of the authority's chair and either its secretary or
9 executive director, and may be authenticated by the trustee (if the
10 authority determines to use a trustee) or any registrar which may be
11 designated for the bonds by the authority.

12 (6) Bonds may be issued by the authority to refund other
13 outstanding authority bonds, at or prior to maturity of, and to pay any
14 redemption premium on, the outstanding bonds. Bonds issued for
15 refunding purposes may be combined with bonds issued for the financing
16 or refinancing of new projects. Pending the application of the
17 proceeds of the refunding bonds to the redemption of the bonds to be
18 redeemed, the authority may enter into an agreement or agreements with
19 a corporate trustee regarding the interim investment of the proceeds
20 and the application of the proceeds and the earnings on the proceeds to
21 the payment of the principal of and interest on, and the redemption of,
22 the bonds to be redeemed.

23 (7) The bonds of the authority may be negotiable instruments under
24 Title 62A RCW.

25 (8) Neither the members of the authority, nor its employees or
26 agents, nor any person executing the bonds shall be personally liable
27 on the bonds or be subject to any personal liability or accountability
28 by reason of the issuance of the bonds.

29 (9) The authority may purchase its bonds with any of its funds
30 available for the purchase. The authority may hold, pledge, cancel or
31 resell the bonds subject to and in accordance with agreements with
32 bondowners.

33 (10) The authority shall not exceed (~~two hundred fifty~~) five
34 hundred million dollars in total outstanding debt at any time.

35 (11) The state finance committee shall be notified in advance of
36 the issuance of bonds by the authority in order to promote the orderly
37 offering of obligations in the financial markets.

38 (12) The authority may not issue any bonds after June 30, ((2000))
39 2004.

1 **Sec. 2.** RCW 43.163.210 and 1997 c 257 s 2 are each amended to read
2 as follows:

3 For the purpose of facilitating economic development in the state
4 of Washington and encouraging the employment of Washington workers at
5 meaningful wages:

6 (1) The authority may develop and conduct a program or programs to
7 provide nonrecourse revenue bond financing for the project costs for
8 economic development activities.

9 (2) The authority may develop and conduct a program that will
10 stimulate and encourage the development of new products within
11 Washington state by the infusion of financial aid for invention and
12 innovation in situations in which the financial aid would not otherwise
13 be reasonably available from commercial sources. The authority is
14 authorized to provide nonrecourse revenue bond financing for this
15 program.

16 (a) For the purposes of this program, the authority shall have the
17 following powers and duties:

18 (i) To enter into financing agreements with eligible persons doing
19 business in Washington state, upon terms and on conditions consistent
20 with the purposes of this chapter, for the advancement of financial and
21 other assistance to the persons for the development of specific
22 products, procedures, and techniques, to be developed and produced in
23 this state, and to condition the agreements upon contractual assurances
24 that the benefits of increasing or maintaining employment and tax
25 revenues shall remain in this state and accrue to it;

26 (ii) Own, possess, and take license in patents, copyrights, and
27 proprietary processes and negotiate and enter into contracts and
28 establish charges for the use of the patents, copyrights, and
29 proprietary processes when the patents and licenses for products result
30 from assistance provided by the authority;

31 (iii) Negotiate royalty payments to the authority on patents and
32 licenses for products arising as a result of assistance provided by the
33 authority;

34 (iv) Negotiate and enter into other types of contracts with
35 eligible persons that assure that public benefits will result from the
36 provision of services by the authority; provided that the contracts are
37 consistent with the state Constitution;

38 (v) Encourage and provide technical assistance to eligible persons
39 in the process of developing new products;

1 (vi) Refer eligible persons to researchers or laboratories for the
2 purpose of testing and evaluating new products, processes, or
3 innovations; and

4 (vii) To the extent permitted under its contract with eligible
5 persons, to consent to a termination, modification, forgiveness, or
6 other change of a term of a contractual right, payment, royalty,
7 contract, or agreement of any kind to which the authority is a party.

8 (b) Eligible persons seeking financial and other assistance under
9 this program shall forward an application, together with an application
10 fee prescribed by rule, to the authority. An investigation and report
11 concerning the advisability of approving an application for assistance
12 shall be completed by the staff of the authority. The investigation
13 and report may include, but is not limited to, facts about the company
14 under consideration as its history, wage standards, job opportunities,
15 stability of employment, past and present financial condition and
16 structure, pro forma income statements, present and future markets and
17 prospects, integrity of management as well as the feasibility of the
18 proposed product and invention to be granted financial aid, including
19 the state of development of the product as well as the likelihood of
20 its commercial feasibility. After receipt and consideration of the
21 report set out in this subsection and after other action as is deemed
22 appropriate, the application shall be approved or denied by the
23 authority. The applicant shall be promptly notified of action by the
24 authority. In making the decision as to approval or denial of an
25 application, priority shall be given to those persons operating or
26 planning to operate businesses of special importance to Washington's
27 economy, including, but not limited to: (i) Existing resource-based
28 industries of agriculture, forestry, and fisheries; (ii) existing
29 advanced technology industries of electronics, computer and instrument
30 manufacturing, computer software, and information and design; and (iii)
31 emerging industries such as environmental technology, biotechnology,
32 biomedical sciences, materials sciences, and optics.

33 (3) The authority may also develop and implement, if authorized by
34 the legislature, such other economic development financing programs
35 adopted in future general plans of economic development finance
36 objectives developed under RCW 43.163.090.

37 (4) The authority may not issue any bonds for the programs
38 authorized under this section after June 30, (~~2000~~) 2004.

Passed the House February 11, 1998.
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Approved by the Governor March 18, 1998.
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