

CERTIFICATION OF ENROLLMENT

HOUSE BILL 1495

Chapter 230, Laws of 1999

56th Legislature
1999 Regular Session

REFUNDING BONDS

EFFECTIVE DATE: 7/25/99

Passed by the House March 10, 1999
Yeas 97 Nays 0

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

FRANK CHOPP
**Speaker of the House of
Representatives**

Passed by the Senate April 12, 1999
Yeas 48 Nays 0

BRAD OWEN
President of the Senate

Approved May 10, 1999

GARY LOCKE
Governor of the State of Washington

CERTIFICATE

We, Dean R. Foster and Timothy A. Martin, Co-Chief Clerks of the House of Representatives of the State of Washington, do hereby certify that the attached is **HOUSE BILL 1495** as passed by the House of Representatives and the Senate on the dates hereon set forth.

DEAN R. FOSTER
Chief Clerk

TIMOTHY A. MARTIN
Chief Clerk

FILED

May 10, 1999 - 4:13 p.m.

**Secretary of State
State of Washington**

HOUSE BILL 1495

Passed Legislature - 1999 Regular Session

State of Washington 56th Legislature 1999 Regular Session

By Representative Fisher

Read first time 01/27/1999. Referred to Committee on Capital Budget.

1 AN ACT Relating to refunding obligations; amending RCW 39.53.010,
2 39.53.020, 39.53.030, 39.53.040, 39.53.050, 39.53.060, 39.53.070,
3 39.53.080, 39.53.090, 39.53.110, 39.53.120, and 39.53.140; and creating
4 a new section.

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

6 **Sec. 1.** RCW 39.53.010 and 1984 c 186 s 68 are each amended to read
7 as follows:

8 Except where the context otherwise requires, the ~~((terms defined))~~
9 definitions in this section ~~((shall for all purposes have the meanings~~
10 herein specified)) apply throughout this chapter:

11 (1) ~~(("Governing body" means the council, commission, board of~~
12 ~~commissioners, board of directors, board of trustees, board of regents,~~
13 ~~or other legislative body of the public body designated herein in which~~
14 ~~body the legislative powers of the public body are vested: PROVIDED,~~
15 ~~That with respect to the state it shall mean the state finance~~
16 ~~committee.~~

17 (2) ~~"Public body" means the state of Washington, its agencies,~~
18 ~~institutions, political subdivisions, and municipal and quasi municipal~~

1 ~~corporations now or hereafter existing under the laws of the state of~~
2 ~~Washington.~~

3 ~~(3))~~ "Bond" means any revenue bond or general obligation bond.

4 ~~((4) "Revenue bond" means any bond, note, warrant, certificate of~~
5 ~~indebtedness, or other obligation for the payment of money issued by a~~
6 ~~public body or any predecessor of any public body and which is payable~~
7 ~~from designated revenues, special assessments, or a special fund but~~
8 ~~excluding any obligation constituting an indebtedness within the~~
9 ~~meaning of the constitutional debt limitation.~~

10 ~~(5))~~ (2) "General obligation bond" means any bond, note, warrant,
11 certificate of indebtedness, or other obligation of a public body which
12 constitutes an indebtedness within the meaning of the constitutional
13 debt limitation.

14 ~~((6) "Advance refunding bonds" means bonds issued for the purpose~~
15 ~~of refunding bonds first subject to redemption or maturing one year or~~
16 ~~more from the date of the advance refunding bonds.~~

17 ~~(7))~~ (3) "Governing body" means the council, commission, board of
18 commissioners, board of directors, board of trustees, board of regents,
19 or other legislative body of the public body designated herein in which
20 the legislative powers of the public body are vested. With respect to
21 the state, "governing body" means the state finance committee.

22 (4) "Government obligations" means any of the following: (a)
23 Direct obligations of, or obligations the principal of and interest on
24 which are unconditionally guaranteed by the United States of America
25 and bank certificates of deposit secured by such obligations; (b)
26 bonds, debentures, notes, participation certificates, or other
27 obligations issued by the banks for cooperatives, the federal
28 intermediate credit bank, the federal home loan bank system, the
29 export-import bank of the United States, federal land banks, or the
30 federal national mortgage association; (c) public housing bonds and
31 project notes fully secured by contracts with the United States; and
32 (d) obligations of financial institutions insured by the federal
33 deposit insurance corporation or the federal savings and loan insurance
34 corporation, to the extent insured or to the extent guaranteed as
35 permitted under any other provision of state law.

36 (5) "Issuer" means the public body issuing any bond or bonds.

37 ~~((8))~~ (6) "Ordinance" means an ordinance of a city or town, or
38 ordinance, resolution or other instrument by which the governing body
39 of the public body exercising any power ((hereunder)) under this

1 chapter takes formal action and adopts legislative provisions and
2 matters of some permanency.

3 ~~((9) "Government obligations" means any of the following: (a)~~
4 ~~Direct obligations of, or obligations the principal of and interest on~~
5 ~~which are unconditionally guaranteed by the United States of America~~
6 ~~and bank certificates of deposit secured by such obligations; (b)~~
7 ~~bonds, debentures, notes, participation certificates, or other~~
8 ~~obligations issued by the banks for cooperatives, the federal~~
9 ~~intermediate credit bank, the federal home loan bank system, the~~
10 ~~export import bank of the United States, federal land banks, or the~~
11 ~~federal national mortgage association; (c) public housing bonds and~~
12 ~~project notes fully secured by contracts with the United States; and~~
13 ~~(d) obligations of financial institutions insured by the federal~~
14 ~~deposit insurance corporation or the federal savings and loan insurance~~
15 ~~corporation, to the extent insured or to the extent guaranteed as~~
16 ~~permitted under any other provision of state law.~~

17 ~~((10) Words used herein importing singular or plural number may be~~
18 ~~construed so that one number includes both.)) (7) "Public body" means~~
19 ~~the state of Washington, its agencies, institutions, political~~
20 ~~subdivisions, and municipal and quasi-municipal corporations now or~~
21 ~~hereafter existing under the laws of the state of Washington.~~

22 ~~(8) "Refunding bonds" means bonds issued for the purpose of paying~~
23 ~~the principal of or redemption premiums or interest on any outstanding~~
24 ~~bonds of the issuer, its predecessor, or a related public body.~~

25 ~~(9) "Refunding plan" means the plan adopted by an ordinance of a~~
26 ~~public body to issue refunding bonds and redeem the bonds to be~~
27 ~~refunded.~~

28 ~~(10) "Revenue bond" means any bond, note, warrant, certificate of~~
29 ~~indebtedness, or other obligation for the payment of money that is~~
30 ~~payable from designated revenues, special assessments, or a special~~
31 ~~fund but excluding any obligation constituting an indebtedness within~~
32 ~~the meaning of the constitutional debt limitation.~~

33 **Sec. 2.** RCW 39.53.020 and 1977 ex.s. c 262 s 1 are each amended to
34 read as follows:

35 The governing body of any public body may by ordinance provide for
36 the issuance of refunding bonds without an election ~~((to refund~~
37 ~~outstanding bonds heretofore or hereafter issued by such public body or~~
38 ~~its predecessor, only)) (1) in order to pay or discharge all or any~~

1 part of ~~((such))~~ an outstanding series or issue of bonds, including any
2 redemption premiums or interest thereon, in arrears or about to become
3 due, and for which sufficient funds are not available, (2) when
4 necessary or in the best interest of the public body ~~((in order))~~ to
5 modify debt service or reserve requirements, sources of payment,
6 covenants, or other terms of the bonds to be refunded, or (3) in order
7 to effect a saving to the public body. To determine whether or not a
8 saving will be effected, consideration shall be given to the interest
9 to fixed maturities of the refunding bonds and the bonds to be
10 refunded, the costs of issuance of the refunding bonds, including any
11 sale discount, the redemption premiums, if any, to be paid, and the
12 known earned income from the investment of the refunding bond proceeds
13 pending redemption of the bonds to be refunded.

14 **Sec. 3.** RCW 39.53.030 and 1973 1st ex.s. c 25 s 2 are each amended
15 to read as follows:

16 Any refunding bonds issued ~~((for refunding purposes))~~ may be
17 delivered in exchange for the ~~((outstanding))~~ bonds ~~((being))~~ to be
18 refunded or may be sold in such manner and at such price as the
19 governing body may in its discretion determine advisable.

20 **Sec. 4.** RCW 39.53.040 and 1977 ex.s. c 262 s 2 are each amended to
21 read as follows:

22 Bonds may be refunded ~~((hereunder))~~ under this chapter or under any
23 other law of this state which authorizes the issuance of refunding
24 bonds. In any ~~((advance))~~ refunding plan under this chapter the
25 governing body shall provide irrevocably in the ordinance authorizing
26 the issuance of the advance refunding bonds for the redemption or
27 payment of the bonds to be refunded.

28 The ordinance authorizing the issuance of ~~((advance))~~ refunding
29 bonds ~~((pursuant to))~~ under this chapter may contain such provisions
30 for the redemption of the refunding bonds prior to maturity and for
31 payment of a premium upon such redemption as the governing body ~~((shall~~
32 ~~determine))~~ in its discretion may determine advisable.

33 **Sec. 5.** RCW 39.53.050 and 1983 1st ex.s. c 69 s 1 are each amended
34 to read as follows:

35 ~~((Refunding bonds may be issued in a))~~ The principal amount ~~((in~~
36 ~~excess of))~~ of refunding bonds may exceed the principal amount of the

1 bonds to be refunded (~~in~~) by an amount deemed reasonably required to
2 effect such refunding. The principal amount of the refunding bonds may
3 be less than or the same as the principal amount of the bonds (~~being~~)
4 to be refunded so long as provision is duly and sufficiently made for
5 the retirement or redemption of such bonds to be refunded. Any
6 reserves held to secure the bonds to be refunded, or other available
7 money, may be used to accomplish the refunding in accordance with the
8 refunding plan. Reserves not so used shall be pledged as security for
9 the refunding bonds to the extent the reserves, if any, are required.
10 The balance of any such reserves may be used for any lawful purpose.

11 **Sec. 6.** RCW 39.53.060 and 1973 1st ex.s. c 25 s 4 are each amended
12 to read as follows:

13 Prior to the application of the proceeds derived from the sale of
14 (~~advance~~) refunding bonds to the purposes for which such bonds
15 (~~shall~~) have been issued, such proceeds, together with any other
16 funds the governing body may set aside for the payment of the bonds to
17 be refunded, may be invested and reinvested only in government
18 obligations maturing or having guaranteed redemption prices at the
19 option of the holder at such time or times as may be required to
20 provide funds sufficient to pay principal, interest and redemption
21 premiums, if any, in accordance with the (~~advance~~) refunding plan.
22 To the extent incidental expenses have been capitalized, such bond
23 proceeds may be used to defray such expenses.

24 **Sec. 7.** RCW 39.53.070 and 1973 1st ex.s. c 25 s 5 are each amended
25 to read as follows:

26 The governing body may contract with respect to the safekeeping and
27 application of the (~~advance~~) refunding bond proceeds and other funds
28 included therewith and the income therefrom including the right to
29 appoint a trustee which may be any trust company or state or national
30 bank having powers of a trust company within or without the state of
31 Washington. The governing body may provide in the refunding plan that
32 until such moneys are required to redeem or retire the (~~general~~
33 ~~obligation or revenue~~) bonds to be refunded, the refunding bond
34 proceeds and other funds, and the income therefrom shall be used to pay
35 and secure the payment of the principal of and interest on the
36 (~~advance~~) refunding bonds. The governing body may additionally
37 pledge for the payment of (~~such~~) revenue refunding bonds any revenues

1 which might legally be pledged for the payment of revenue bonds of the
2 issuer of the type (~~being~~) to be refunded. Provisions must be made
3 by the governing body for moneys sufficient in amount to accomplish the
4 refunding as scheduled.

5 **Sec. 8.** RCW 39.53.080 and 1965 ex.s. c 138 s 9 are each amended to
6 read as follows:

7 When a public body has irrevocably set aside for and pledged to the
8 payment of revenue bonds to be refunded (~~advance~~) refunding bond
9 proceeds and other moneys in amounts which together with known earned
10 income from the investment thereof are sufficient in amount to pay the
11 principal of and interest and any redemption premiums on such revenue
12 bonds as the same become due and to accomplish the refunding as
13 scheduled, the governing body may provide that the (~~advance~~)
14 refunding revenue bonds shall be payable from any source which, either
15 at the time of the issuance of the (~~advance~~) refunding bonds or the
16 revenue bonds to be refunded, might legally be or have been pledged for
17 the payment of the revenue bonds to be refunded to the extent it may
18 legally do so, notwithstanding the pledge of such revenues for the
19 payment of the (~~outstanding~~) revenue bonds (~~being~~) to be refunded.

20 **Sec. 9.** RCW 39.53.090 and 1965 ex.s. c 138 s 10 are each amended
21 to read as follows:

22 The various annual maturities of general obligation refunding bonds
23 issued to refund voted general obligation bonds shall not extend over
24 a longer period of time than the bonds to be refunded. Such maturities
25 may be changed in amount or shortened in term if the estimated
26 respective annual principal and interest requirements of the refunding
27 bonds, computed upon the anticipated effective interest rate the
28 governing body shall in its discretion determine will be borne by such
29 bonds, will not exceed the respective annual principal and interest
30 requirements of the bonds (~~being~~) to be refunded(~~(:—PROVIDED,~~
31 ~~That))~~, except the issuer may increase the principal amount of annual
32 maturities for the purpose of rounding out maturities to the nearest
33 five thousand dollars.

34 **Sec. 10.** RCW 39.53.110 and 1965 ex.s. c 138 s 12 are each amended
35 to read as follows:

1 (~~Bonds for refunding~~) Refunding bonds and bonds for any other
2 purpose or purposes authorized may be issued separately or issued in
3 combination in one or more series or issues by the same issuer.

4 **Sec. 11.** RCW 39.53.120 and 1965 ex.s. c 138 s 13 are each amended
5 to read as follows:

6 Except as specifically provided in this chapter, refunding bonds
7 issued (~~hereunder~~) under this chapter shall be issued in accordance
8 with the provisions of law applicable to the type of bonds of the
9 issuer (~~being~~) to be refunded, (~~either~~) at the time of the issuance
10 of either the refunding bonds or the bonds to be refunded.

11 **Sec. 12.** RCW 39.53.140 and 1974 ex.s. c 111 s 4 are each amended
12 to read as follows:

13 (~~The state~~) Any public body may issue general obligation
14 refunding bonds to refund any (~~special revenue or limited obligations~~
15 ~~of the state~~) general obligation or revenue bonds of such issuer or
16 its agencies (~~at or prior to the date they mature or are subject to~~
17 ~~redemption~~) or instrumentalities. The payment of (~~such refunding~~)
18 general obligation refunding bonds may be additionally secured by a
19 pledge of the revenues pledged to the payment of the (~~special revenue~~
20 ~~or limited obligations~~) revenue bonds to be refunded.

21 If the payment of (~~such special revenue obligations~~) revenue
22 bonds to be refunded (~~as~~) by general obligation bonds of the state is
23 secured by (1) fees collected by the state as license fees for motor
24 vehicles, or (2) excise taxes collected by the state on the sale,
25 distribution or use of motor vehicle fuel, or (3) interest on the
26 permanent school fund, then the state shall also pledge to the payment
27 of such refunding bonds the same fees, excise taxes, or interest that
28 were pledged to the payment of the (~~special revenue obligations~~
29 ~~being~~) revenue bonds to be refunded.

30 Any public body may issue revenue refunding bonds to refund any
31 general obligation of such issuer or its agencies or instrumentalities
32 if the bonds to be refunded were issued for purposes for which those
33 revenue refunding bonds could be issued.

34 NEW SECTION. **Sec. 13.** The authority of a public body to issue
35 refunding bonds pursuant to this act is additional to any existing
36 authority to issue such bonds and nothing in this act shall prevent the

1 issuance of such bonds pursuant to any other law, and this act shall
2 not be construed to amend any existing law authorizing the issuance of
3 refunding bonds by a public body.

4 NEW SECTION. **Sec. 14.** If any provision of this act or its
5 application to any person or circumstance is held invalid, the
6 remainder of the act or the application of the provision to other
7 persons or circumstances is not affected.

Passed the House March 10, 1999.

Passed the Senate April 12, 1999.

Approved by the Governor May 10, 1999.

Filed in Office of Secretary of State May 10, 1999.