

CERTIFICATION OF ENROLLMENT

ENGROSSED SENATE BILL 5990

Chapter 9, Laws of 2001

57th Legislature
2001 Second Special Session

GENERAL OBLIGATION BONDS

EFFECTIVE DATE: 6/26/01

Passed by the Senate June 20, 2001
YEAS 36 NAYS 2

BRAD OWEN

President of the Senate

Passed by the House June 19, 2001
YEAS 85 NAYS 0

FRANK CHOPP

**Speaker of the
House of Representatives**

CLYDE BALLARD

**Speaker of the
House of Representatives**

Approved June 26, 2001

GARY LOCKE

Governor of the State of Washington

CERTIFICATE

I, Tony M. Cook, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **ENGROSSED SENATE BILL 5990** as passed by the Senate and the House of Representatives on the dates hereon set forth.

TONY M. COOK

Secretary

FILED

June 26, 2001 - 11:46 a.m.

**Secretary of State
State of Washington**

ENGROSSED SENATE BILL 5990

AS AMENDED BY THE HOUSE

Passed Legislature - 2001 2nd Special Session

State of Washington 57th Legislature 2001 Regular Session

By Senators Fairley, Spanel, B. Sheldon and Zarelli; by request of
Office of Financial Management

Read first time 02/12/2001. Referred to Committee on Ways & Means.

1 AN ACT Relating to state general obligation bonds and related
2 accounts; amending RCW 39.42.060; adding a new chapter to Title 43 RCW;
3 and declaring an emergency.

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

5 NEW SECTION. **Sec. 1.** For the purpose of providing funds to
6 finance the projects described and authorized by the legislature in the
7 capital and operating appropriation acts for the 2001-2003 fiscal
8 biennium, and all costs incidental thereto, the state finance committee
9 is authorized to issue general obligation bonds of the state of
10 Washington in the sum of nine hundred thirty-five million five hundred
11 thousand dollars, or as much thereof as may be required, to finance
12 these projects and all costs incidental thereto. Bonds authorized in
13 this section may be sold at such price as the state finance committee
14 shall determine. No bonds authorized in this section may be offered
15 for sale without prior legislative appropriation of the net proceeds of
16 the sale of the bonds.

17 NEW SECTION. **Sec. 2.** The proceeds from the sale of the bonds
18 authorized in section 1 of this act shall be deposited in the state

1 building construction account created by RCW 43.83.020. The proceeds
2 shall be transferred as follows:

3 (1) Seven hundred seventy-four million two hundred thousand dollars
4 to remain in the state building construction account created by RCW
5 43.83.020;

6 (2) Twenty-two million five hundred thousand dollars to the outdoor
7 recreation account created by RCW 79A.25.060;

8 (3) Twenty-two million five hundred thousand dollars to the habitat
9 conservation account created by RCW 79A.15.020;

10 (4) Sixty million dollars to the state taxable building
11 construction account which is hereby established in the state treasury.
12 All receipts from taxable bond issues are to be deposited into the
13 account. If the state finance committee deems it necessary to issue
14 more than fifty million dollars of the bonds authorized in section 1 of
15 this act as taxable bonds in order to comply with federal internal
16 revenue service rules and regulations pertaining to the use of
17 nontaxable bond proceeds, the proceeds of such additional taxable bonds
18 shall be transferred to the state taxable building construction account
19 in lieu of any transfer otherwise provided by this section. The state
20 treasurer shall submit written notice to the director of financial
21 management if it is determined that any such additional transfer to the
22 state taxable building construction account is necessary. Moneys in
23 the account may be spent only after appropriation;

24 (5) Twenty-nine million twenty-five thousand dollars to the higher
25 education construction account created by RCW 28B.140.040.

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

31 NEW SECTION. **Sec. 3.** (1) The debt-limit general fund bond
32 retirement account shall be used for the payment of the principal of
33 and interest on the bonds authorized in section 2 (1), (2), (3), and
34 (4) of this act.

35 (2) The state finance committee shall, on or before June 30th of
36 each year, certify to the state treasurer the amount needed in the
37 ensuing twelve months to meet the bond retirement and interest

1 requirements on the bonds authorized in section 2 (1), (2), (3), and
2 (4) of this act.

3 (3) On each date on which any interest or principal and interest
4 payment is due on bonds issued for the purposes of section 2 (1), (2),
5 (3), and (4) of this act the state treasurer shall withdraw from any
6 general state revenues received in the state treasury and deposit in
7 the debt-limit general fund bond retirement account an amount equal to
8 the amount certified by the state finance committee to be due on the
9 payment date.

10 NEW SECTION. **Sec. 4.** (1) The nondebt-limit reimbursable bond
11 retirement account shall be used for the payment of the principal of
12 and interest on the bonds authorized in section 2(5) of this act.

13 (2) The state finance committee shall, on or before June 30th of
14 each year, certify to the state treasurer the amount needed in the
15 ensuing twelve months to meet the bond retirement and interest
16 requirements on the bonds authorized in section 2(5) of this act.

17 (3) On each date on which any interest or principal and interest
18 payment is due on bonds issued for the purposes of section 2(5) of this
19 act, the board of regents of the University of Washington shall cause
20 to be paid out of University of Washington nonappropriated local funds
21 to the state treasurer for deposit into the nondebt-limit reimbursement
22 bond retirement account the amount computed in subsection (2) of this
23 section for bonds issued for the purposes of section 2(5) of this act.

24 NEW SECTION. **Sec. 5.** (1) Bonds issued under sections 1 through 4
25 of this act shall state that they are a general obligation of the state
26 of Washington, shall pledge the full faith and credit of the state to
27 the payment of the principal thereof and the interest thereon, and
28 shall contain an unconditional promise to pay the principal and
29 interest as the same shall become due.

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

34 NEW SECTION. **Sec. 6.** The legislature may provide additional means
35 for raising moneys for the payment of the principal of and interest on
36 the bonds authorized in section 1 of this act, and sections 2 through

1 4 of this act shall not be deemed to provide an exclusive method for
2 the payment.

3 NEW SECTION. **Sec. 7.** For the purpose of providing funds for the
4 planning, design, construction, and other necessary costs for replacing
5 the waterproof membrane over the east plaza garage and revising related
6 landscaping, the state finance committee is authorized to issue general
7 obligation bonds of the state of Washington in the sum of sixteen
8 million dollars, or as much thereof as may be required, to finance this
9 project and all costs incidental thereto. Bonds authorized in this
10 section may be sold at such price as the state finance committee shall
11 determine. No bonds authorized in this section may be offered for sale
12 without prior legislative appropriation of the net proceeds of the sale
13 of the bonds.

14 NEW SECTION. **Sec. 8.** The proceeds from the sale of the bonds
15 authorized in section 7 of this act shall be deposited in the state
16 building construction account created by RCW 43.83.020. The proceeds
17 shall be transferred as follows: Fifteen million five hundred twenty
18 thousand dollars to the state vehicle parking account created by RCW
19 43.01.225.

20 These proceeds shall be used exclusively for the purposes specified
21 in section 7 of this act and for the payment of expenses incurred in
22 the issuance and sale of the bonds issued for the purposes of this
23 section, and shall be administered by the office of financial
24 management subject to legislative appropriation.

25 NEW SECTION. **Sec. 9.** (1) The nondebt-limit reimbursable bond
26 retirement account shall be used for the payment of the principal of
27 and interest on the bonds authorized in section 7 of this act.

28 (2) The state finance committee shall, on or before June 30th of
29 each year, certify to the state treasurer the amount needed in the
30 ensuing twelve months to meet the bond retirement and interest
31 requirements on the bonds authorized in section 7 of this act.

32 (3) On each date on which any interest or principal and interest
33 payment is due on bonds issued for the purposes of section 8 of this
34 act, the state treasurer shall transfer from the state vehicle parking
35 account for deposit into the nondebt-limit reimbursable bond retirement

1 account, the amount computed in subsection (2) of this section for
2 bonds issued for the purposes of section 7 of this act.

3 NEW SECTION. **Sec. 10.** (1) Bonds issued under section 7 of this
4 act shall state that they are a general obligation of the state of
5 Washington, shall pledge the full faith and credit of the state to the
6 payment of the principal thereof and the interest thereon, and shall
7 contain an unconditional promise to pay the principal and interest as
8 the same shall become due.

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

13 NEW SECTION. **Sec. 11.** The legislature may provide additional
14 means for raising moneys for the payment of the principal of and
15 interest on the bonds authorized in section 7 of this act, and sections
16 8 and 9 of this act shall not be deemed to provide an exclusive method
17 for the payment.

18 NEW SECTION. **Sec. 12.** The bonds authorized in sections 1, 7, and
19 14 of this act shall be a legal investment for all state funds or funds
20 under state control and for all funds of any other public body.

21 NEW SECTION. **Sec. 13.** The legislature finds that it is necessary
22 to complete the rehabilitation of the state legislative building, to
23 extend the useful life of the building, and provide for the permanent
24 relocation of offices displaced by the rehabilitation and create new
25 space for public uses.

26 Furthermore, it is the intent of the legislature to fund the
27 majority of the rehabilitation and construction using bonds repaid by
28 the capitol building construction account, as provided for in the
29 enabling act and dedicated by the federal government for the sole
30 purpose of establishing a state capitol, to fund the cash elements of
31 the project using capital project surcharge revenues in the Thurston
32 county capital facilities account, and to support the establishment of
33 a private foundation to engage the public in the preservation of the
34 state legislative building and raise private funds for restoration and
35 educational efforts. The bonds repaid by the capitol building

1 construction account, whose revenues are from the sale of capitol
2 building lands, timber, or other materials, shall be exempt from the
3 state debt limit under RCW 39.42.060, and if at any time the capitol
4 building construction account has insufficient revenues to repay the
5 bonds, the legislature may provide additional means for the payment of
6 the bonds, but any such additional means shall be subject to the state
7 debt limit.

8 NEW SECTION. **Sec. 14.** For the purpose of providing funds for the
9 planning, design, construction, and other necessary costs for the
10 rehabilitation of the state legislative building, the state finance
11 committee is authorized to issue general obligation bonds of the state
12 of Washington in the sum of eighty-two million five hundred ten
13 thousand dollars or as much thereof as may be required to finance the
14 rehabilitation and improvements to the legislative building and all
15 costs incidental thereto. The approved rehabilitation plan includes
16 costs associated with earthquake repairs and future earthquake
17 mitigation and allows for associated relocation costs and the
18 acquisition of appropriate relocation space. Bonds authorized in this
19 section shall not constitute indebtedness for purposes of the
20 limitations set forth in RCW 39.42.060, to the extent that the bond
21 payments are paid from the capitol building construction account.
22 Bonds authorized in this section may be sold at a price the state
23 finance committee determines. No bonds authorized in this section may
24 be offered for sale without prior legislative appropriation of the net
25 proceeds of the sale of the bonds. The proceeds of the sale of the
26 bonds issued for the purposes of this section shall be deposited in the
27 capitol historic district construction account hereby created in the
28 state treasury. These proceeds shall be used exclusively for the
29 purposes specified in this section and for the payment of expenses
30 incurred in the issuance and sale of the bonds issued for the purposes
31 of this section, and shall be administered by the office of financial
32 management subject to legislative appropriation.

33 NEW SECTION. **Sec. 15.** (1) The nondebt-limit reimbursable bond
34 retirement account must be used for the payment of the principal and
35 interest on the bonds authorized in section 14 of this act.

36 (2)(a) The state finance committee must, on or before June 30th of
37 each year, certify to the state treasurer the amount needed in the

1 ensuing twelve months to meet the bond retirement and interest
2 requirements on the bonds authorized in section 14 of this act.

3 (b) On or before the date on which any interest or principal and
4 interest is due, the state treasurer shall transfer from the capitol
5 building construction account for deposit into the nondebt-limit
6 reimbursable bond retirement account, the amount computed in (a) of
7 this subsection for bonds issued for the purposes of section 14 of this
8 act.

9 (3) If the capitol building construction account has insufficient
10 revenues to pay the principal and interest computed in subsection
11 (2)(a) of this section, then the debt-limit reimbursable bond
12 retirement account shall be used for the payment of the principal and
13 interest on the bonds authorized in section 14 of this act from any
14 additional means provided by the legislature.

15 NEW SECTION. **Sec. 16.** (1) Bonds issued under section 14 of this
16 act shall state that they are a general obligation of the state of
17 Washington, shall pledge the full faith and credit of the state to the
18 payment of the principal and interest, and shall contain an
19 unconditional promise to pay the principal and interest as it becomes
20 due.

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

25 NEW SECTION. **Sec. 17.** The legislature may provide additional
26 means for raising moneys for the payment of the principal and interest
27 on the bonds authorized in section 14 of this act, and sections 15 and
28 16 of this act shall not be deemed to provide an exclusive method for
29 their payment.

30 **Sec. 18.** RCW 39.42.060 and 1999 c 273 s 9 are each amended to read
31 as follows:

32 No bonds, notes, or other evidences of indebtedness for borrowed
33 money shall be issued by the state which will cause the aggregate debt
34 contracted by the state to exceed that amount for which payments of
35 principal and interest in any fiscal year would require the state to
36 expend more than seven percent of the arithmetic mean of its general

1 state revenues, as defined in section 1(c) of Article VIII of the
2 Washington state Constitution for the three immediately preceding
3 fiscal years as certified by the treasurer in accordance with RCW
4 39.42.070. It shall be the duty of the state finance committee to
5 compute annually the amount required to pay principal of and interest
6 on outstanding debt. In making such computation, the state finance
7 committee shall include all borrowed money represented by bonds, notes,
8 or other evidences of indebtedness which are secured by the full faith
9 and credit of the state or are required to be paid, directly or
10 indirectly, from general state revenues and which are incurred by the
11 state, any department, authority, public corporation or quasi public
12 corporation of the state, any state university or college, or any other
13 public agency created by the state but not by counties, cities, towns,
14 school districts, or other municipal corporations, and shall include
15 debt incurred pursuant to section 3 of Article VIII of the Washington
16 state Constitution, but shall exclude the following:

17 (1) Obligations for the payment of current expenses of state
18 government;

19 (2) Indebtedness incurred pursuant to RCW 39.42.080 or 39.42.090;

20 (3) Principal of and interest on bond anticipation notes;

21 (4) Any indebtedness which has been refunded;

22 (5) Financing contracts entered into under chapter 39.94 RCW;

23 (6) Indebtedness authorized or incurred before July 1, 1993,
24 pursuant to statute which requires that the state treasury be
25 reimbursed, in the amount of the principal of and the interest on such
26 indebtedness, from money other than general state revenues or from the
27 special excise tax imposed pursuant to chapter 67.40 RCW;

28 (7) Indebtedness authorized and incurred after July 1, 1993,
29 pursuant to statute that requires that the state treasury be
30 reimbursed, in the amount of the principal of and the interest on such
31 indebtedness, from (a) moneys outside the state treasury, except higher
32 education operating fees, (b) higher education building fees, (c)
33 indirect costs recovered from federal grants and contracts, and (d)
34 fees and charges associated with hospitals operated or managed by
35 institutions of higher education;

36 (8) Any agreement, promissory note, or other instrument entered
37 into by the state finance committee under RCW 39.42.030 in connection
38 with its acquisition of bond insurance, letters of credit, or other
39 credit support instruments for the purpose of guaranteeing the payment

1 or enhancing the marketability, or both, of any state bonds, notes, or
2 other evidence of indebtedness;

3 (9) Indebtedness incurred for the purposes identified in RCW
4 43.99N.020; ((and))

5 (10) Indebtedness incurred for the purposes of the school district
6 bond guaranty established by chapter 39.98 RCW;

7 (11) Indebtedness incurred for the purposes of replacing the
8 waterproof membrane over the east plaza garage and revising related
9 landscaping construction pursuant to section 7 of this act; and

10 (12) Indebtedness incurred for the purposes of the state
11 legislative building rehabilitation, to the extent that principal and
12 interest payments of such indebtedness are paid from the capitol
13 building construction account pursuant to section 15(2)(b) of this act.

14 To the extent necessary because of the constitutional or statutory
15 debt limitation, priorities with respect to the issuance or
16 guaranteeing of bonds, notes, or other evidences of indebtedness by the
17 state shall be determined by the state finance committee.

18 NEW SECTION. Sec. 19. Sections 1 through 17 of this act
19 constitute a new chapter in Title 43 RCW.

20 NEW SECTION. Sec. 20. If any provision of this act or its
21 application to any person or circumstance is held invalid, the
22 remainder of the act or the application of the provision to other
23 persons or circumstances is not affected.

24 NEW SECTION. Sec. 21. This act is necessary for the immediate
25 preservation of the public peace, health, or safety, or support of the
26 state government and its existing public institutions, and takes effect
27 immediately.

Passed the Senate June 20, 2001.

Passed the House June 19, 2001.

Approved by the Governor June 26, 2001.

Filed in Office of Secretary of State June 26, 2001.