
SUBSTITUTE SENATE BILL 5402

State of Washington

58th Legislature

2003 Regular Session

By Senate Committee on Ways & Means (originally sponsored by Senators Zarelli, Poulsen and Fairley; by request of Office of Financial Management)

READ FIRST TIME 04/17/03.

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 2003-2005 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 one billion two hundred million dollars, or as
11 much thereof as may be required, to finance these projects and all
12 costs incidental thereto. Bonds authorized in this section may be sold
13 at such price as the state finance committee shall determine. No bonds
14 authorized in this section may be offered for sale without prior
15 legislative appropriation of the net proceeds of the sale of the bonds.

16 NEW SECTION. **Sec. 2.** The proceeds from the sale of the bonds
17 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) One billion fifty million dollars to remain in the state
4 building construction account created by RCW 43.83.020;

5 (2) Twenty million dollars to the outdoor recreation account
6 created by RCW 79A.25.060;

7 (3) Twenty million dollars to the habitat conservation account
8 created by RCW 79A.15.020;

9 (4) Nine million six hundred fifty thousand dollars to the state
10 and local improvements revolving account--water supply facilities;

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

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

30 NEW SECTION. **Sec. 3.** (1) The debt-limit general fund bond
31 retirement account shall be used for the payment of the principal of
32 and interest on the bonds authorized in section 2 (1), (2), (3), (4),
33 and (5) of this act.

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

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

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

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

20 NEW SECTION. **Sec. 5.** The legislature may provide additional means
21 for raising moneys for the payment of the principal of and interest on
22 the bonds authorized in section 1 of this act, and sections 2 and 3 of
23 this act shall not be deemed to provide an exclusive method for the
24 payment.

25 **Sec. 6.** RCW 39.42.060 and 2002 c 240 s 7 are each amended to read
26 as follows:

27 No bonds, notes, or other evidences of indebtedness for borrowed
28 money shall be issued by the state which will cause the aggregate debt
29 contracted by the state to exceed that amount for which payments of
30 principal and interest in any fiscal year would require the state to
31 expend more than (~~seven~~) eight and one-half percent of the arithmetic
32 mean of its general state revenues, as defined in RCW 39.42.070, for
33 the three immediately preceding fiscal years as certified by the
34 treasurer in accordance with RCW 39.42.070. It shall be the duty of
35 the state finance committee to compute annually the amount required to

1 pay principal of and interest on outstanding debt. In making such
2 computation, the state finance committee shall include all borrowed
3 money represented by bonds, notes, or other evidences of indebtedness
4 which are secured by the full faith and credit of the state or are
5 required to be paid, directly or indirectly, from general state
6 revenues and which are incurred by the state, any department,
7 authority, public corporation or quasi public corporation of the state,
8 any state university or college, or any other public agency created by
9 the state but not by counties, cities, towns, school districts, or
10 other municipal corporations, and shall include debt incurred pursuant
11 to section 3 of Article VIII of the Washington state Constitution(~~but~~
12 ~~shall exclude the following:~~

13 ~~(1) Obligations for the payment of current expenses of state~~
14 ~~government;~~

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

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

17 ~~(4) Any indebtedness which has been refunded;~~

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

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

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

32 ~~(8) Any agreement, promissory note, or other instrument entered~~
33 ~~into by the state finance committee under RCW 39.42.030 in connection~~
34 ~~with its acquisition of bond insurance, letters of credit, or other~~
35 ~~credit support instruments for the purpose of guaranteeing the payment~~
36 ~~or enhancing the marketability, or both, of any state bonds, notes, or~~
37 ~~other evidence of indebtedness;~~

1 ~~(9) Indebtedness incurred for the purposes identified in RCW~~
2 ~~43.99N.020;~~

3 ~~(10) Indebtedness incurred for the purposes of the school district~~
4 ~~bond guaranty established by chapter 39.98 RCW;~~

5 ~~(11) Indebtedness incurred for the purposes of replacing the~~
6 ~~waterproof membrane over the east plaza garage and revising related~~
7 ~~landscaping construction pursuant to RCW 43.99Q.070; and~~

8 ~~(12) Indebtedness incurred for the purposes of the state~~
9 ~~legislative building rehabilitation, to the extent that principal and~~
10 ~~interest payments of such indebtedness are paid from the capitol~~
11 ~~building construction account pursuant to RCW 43.99Q.140(2)(b)).~~

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

16 NEW SECTION. **Sec. 7.** Sections 1 through 5 of this act constitute
17 a new chapter in Title 43 RCW.

18 NEW SECTION. **Sec. 8.** If any provision of this act or its
19 application to any person or circumstance is held invalid, the
20 remainder of the act or the application of the provision to other
21 persons or circumstances is not affected.

22 NEW SECTION. **Sec. 9.** This act is necessary for the immediate
23 preservation of the public peace, health, or safety, or support of the
24 state government and its existing public institutions, and takes effect
25 immediately.

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