
ENGROSSED SENATE BILL 6062

State of Washington

58th Legislature

2003 Regular Session

By Senators Horn, Haugen, Swecker, Jacobsen, Finkbeiner and Spanel

Read first time 04/02/2003. Referred to Committee on Highways & Transportation.

1 AN ACT Relating to authorizing bonds for transportation funding;
2 amending RCW 39.42.060 and 35.95A.120; adding new sections to chapter
3 47.10 RCW; providing an effective date; and declaring an emergency.

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

5 NEW SECTION. **Sec. 1.** In order to provide funds necessary for the
6 location, design, right of way, and construction of selected projects
7 or improvements that are identified as transportation 2003 projects or
8 improvements in the omnibus transportation budget, there shall be
9 issued and sold upon the request of the transportation commission a
10 total of two billion six hundred million dollars of general obligation
11 bonds of the state of Washington.

12 NEW SECTION. **Sec. 2.** Upon the request of the transportation
13 commission, as appropriate, the state finance committee shall supervise
14 and provide for the issuance, sale, and retirement of the bonds in this
15 act in accordance with chapter 39.42 RCW. Bonds authorized by this act
16 shall be sold in the manner, at time or times, in amounts, and at the
17 price as the state finance committee shall determine. No bonds may be

1 offered for sale without prior legislative appropriation of the net
2 proceeds of the sale of the bonds.

3 The state finance committee shall consider the issuance of short-
4 term obligations in lieu of long-term obligations for the purposes of
5 more favorable interest rates, lower total interest costs, and
6 increased marketability and for the purpose of retiring the bonds
7 during the life of the project for which they were issued.

8 NEW SECTION. **Sec. 3.** The proceeds from the sale of bonds
9 authorized by section 1 of this act shall be deposited in the
10 transportation 2003 account (nickel account) in the motor vehicle fund.
11 The proceeds shall be available only for the purposes enumerated in
12 section 1 of this act, for the payment of bond anticipation notes, if
13 any, and for the payment of bond issuance costs, including the costs of
14 underwriting.

15 NEW SECTION. **Sec. 4.** Bonds issued under the authority of sections
16 1 through 6 of this act shall distinctly state that they are a general
17 obligation of the state of Washington, shall pledge the full faith and
18 credit of the state to the payment of the principal thereof and the
19 interest thereon, and shall contain an unconditional promise to pay
20 such principal and interest as the same shall become due. The
21 principal and interest on the bonds shall be first payable in the
22 manner provided in sections 1 through 6 of this act from the proceeds
23 of the state excise taxes on motor vehicle and special fuels imposed by
24 chapters 82.36 and 82.38 RCW. Proceeds of these excise taxes are
25 hereby pledged to the payment of any bonds and the interest thereon
26 issued under the authority of sections 1 through 6 of this act, and the
27 legislature agrees to continue to impose these excise taxes on motor
28 vehicle and special fuels in amounts sufficient to pay, when due, the
29 principal and interest on all bonds issued under the authority of
30 sections 1 through 6 of this act.

31 NEW SECTION. **Sec. 5.** Both principal and interest on the bonds
32 issued for the purposes of sections 1 through 6 of this act shall be
33 payable from the highway bond retirement fund. The state finance
34 committee may provide that a special account be created in the fund to
35 facilitate payment of the principal and interest. The state finance

1 committee shall, on or before June 30th of each year, certify to the
2 state treasurer the amount required for principal and interest on the
3 bonds in accordance with the bond proceedings. The state treasurer
4 shall withdraw revenues from the transportation 2003 account (nickel
5 account) in the motor vehicle fund and deposit in the highway bond
6 retirement fund, or a special account in the fund, such amounts, and at
7 such times, as are required by the bond proceedings.

8 Any funds required for bond retirement or interest on the bonds
9 authorized by sections 1 through 6 of this act shall be taken from that
10 portion of the motor vehicle fund that results from the imposition of
11 excise taxes on motor vehicle and special fuels and that is distributed
12 to the transportation 2003 account (nickel account) in the motor
13 vehicle fund. Funds required shall never constitute a charge against
14 any other allocations of motor vehicle fuel and special fuel tax
15 revenues to the state, counties, cities, and towns unless the amount
16 arising from excise taxes on motor vehicle and special fuels
17 distributed to the transportation 2003 account (nickel account) proves
18 insufficient to meet the requirements for bond retirement or interest
19 on any such bonds.

20 Any payments for bond retirement or interest on the bonds taken
21 from other revenues from the motor vehicle fuel or special fuel taxes
22 that are distributable to the state, counties, cities, and towns shall
23 be repaid from the first revenues from the motor vehicle fuel or
24 special fuel taxes distributed to the transportation 2003 account
25 (nickel account) not required for bond retirement or interest on the
26 bonds.

27 NEW SECTION. **Sec. 6.** Bonds issued under the authority of sections
28 1 through 5 of this act and this section and any other general
29 obligation bonds of the state of Washington that have been or that may
30 be authorized and that pledge motor vehicle and special fuels excise
31 taxes for the payment of principal and interest thereon shall be an
32 equal charge against the revenues from such motor vehicle and special
33 fuels excise taxes.

34 NEW SECTION. **Sec. 7.** For the purpose of providing funds for the
35 planning, design, construction, reconstruction, and other necessary
36 costs for transportation projects, the state finance committee is

1 authorized to issue general obligation bonds of the state of Washington
2 in the sum of three hundred forty-nine million five hundred thousand
3 dollars, or as much thereof as may be required, to finance these
4 projects and all costs incidental thereto. Bonds authorized in this
5 section may be sold at such price as the state finance committee shall
6 determine. No bonds authorized in this section may be offered for sale
7 without prior legislative appropriation of the net proceeds of the sale
8 of the bonds.

9 NEW SECTION. **Sec. 8.** The proceeds of the sale of the bonds
10 authorized in section 7 of this act must be deposited in the multimodal
11 transportation account and must be used exclusively for the purposes
12 specified in section 7 of this act and for the payment of expenses
13 incurred in the issuance and sale of the bonds.

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

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

21 (b) On or before the date on which any interest or principal and
22 interest is due, the state treasurer shall transfer from the multimodal
23 transportation account for deposit into the nondebt-limit reimbursable
24 bond retirement account the amount computed in (a) of this subsection
25 for bonds issued for the purposes of section 7 of this act.

26 (3) If the multimodal transportation account has insufficient
27 revenues to pay the principal and interest computed in subsection
28 (2)(a) of this section, then the debt-limit reimbursable bond
29 retirement account must be used for the payment of the principal and
30 interest on the bonds authorized in section 7 of this act from any
31 additional means provided by the legislature.

32 (4) If at any time the multimodal transportation account has
33 insufficient revenues to repay the bonds, the legislature may provide
34 additional means for the payment of the bonds.

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

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

11 NEW SECTION. **Sec. 11.** The legislature may provide additional
12 means for raising moneys for the payment of the principal and interest
13 on the bonds authorized in section 7 of this act, and sections 9 and 10
14 of this act are not deemed to provide an exclusive method for their
15 payment.

16 NEW SECTION. **Sec. 12.** The bonds authorized in section 7 of this
17 act are a legal investment for all state funds or funds under state
18 control and for all funds of any other public body.

19 **Sec. 13.** RCW 39.42.060 and 2002 c 240 s 7 are each amended to read
20 as follows:

21 No bonds, notes, or other evidences of indebtedness for borrowed
22 money shall be issued by the state which will cause the aggregate debt
23 contracted by the state to exceed that amount for which payments of
24 principal and interest in any fiscal year would require the state to
25 expend more than seven percent of the arithmetic mean of its general
26 state revenues, as defined in RCW 39.42.070, for the three immediately
27 preceding fiscal years as certified by the treasurer in accordance with
28 RCW 39.42.070. It shall be the duty of the state finance committee to
29 compute annually the amount required to pay principal of and interest
30 on outstanding debt. In making such computation, the state finance
31 committee shall include all borrowed money represented by bonds, notes,
32 or other evidences of indebtedness which are secured by the full faith
33 and credit of the state or are required to be paid, directly or
34 indirectly, from general state revenues and which are incurred by the
35 state, any department, authority, public corporation or quasi public

1 corporation of the state, any state university or college, or any other
2 public agency created by the state but not by counties, cities, towns,
3 school districts, or other municipal corporations, and shall include
4 debt incurred pursuant to section 3 of Article VIII of the Washington
5 state Constitution, but shall exclude the following:

6 (1) Obligations for the payment of current expenses of state
7 government;

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

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

10 (4) Any indebtedness which has been refunded;

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

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

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

25 (8) Any agreement, promissory note, or other instrument entered
26 into by the state finance committee under RCW 39.42.030 in connection
27 with its acquisition of bond insurance, letters of credit, or other
28 credit support instruments for the purpose of guaranteeing the payment
29 or enhancing the marketability, or both, of any state bonds, notes, or
30 other evidence of indebtedness;

31 (9) Indebtedness incurred for the purposes identified in RCW
32 43.99N.020;

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

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

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

5 (13) Indebtedness incurred for the purposes of financing projects
6 under section 7 of this act.

7 To the extent necessary because of the constitutional or statutory
8 debt limitation, priorities with respect to the issuance or
9 guaranteeing of bonds, notes, or other evidences of indebtedness by the
10 state shall be determined by the state finance committee.

11 **Sec. 14.** RCW 35.95A.120 and 2002 c 248 s 13 are each amended to
12 read as follows:

13 The city transportation authority may be dissolved by a vote of the
14 people residing within the boundaries of the authority if the authority
15 is faced with significant financial problems. However, the authority
16 may covenant with holders of its bonds that it may not be dissolved and
17 shall continue to exist solely for the purpose of continuing to levy
18 and collect any taxes or assessments levied by it and pledged to the
19 repayment of debt and to take other actions, including the appointment
20 of a trustee, as necessary to allow it to repay any remaining debt. No
21 such debt may be incurred by the authority on a project until thirty
22 days after a final environmental impact statement on that project has
23 been issued as required by chapter 43.21C RCW. The amount of the
24 authority's initial bond issue is limited to the amount of the project
25 costs in the subsequent two years as documented by a certified engineer
26 or by submitted bids, plus any reimbursable capital expenses already
27 incurred at the time of the bond issue. The authority may size the
28 first bond issue consistent with the internal revenue service five-year
29 spend down schedule if an independent financial advisor recommends such
30 an approach is financially advisable. Any referendum petition to
31 dissolve the city transportation authority must be filed with the city
32 council and contain provisions for dissolution of the authority.
33 Within seven days, the city prosecutor must review the validity of the
34 petition and submit its report to the petitioner and city council. If
35 the petitioner's claims are deemed valid by the city prosecutor, within
36 ten days of the petitioner's filing, the city council will confer with
37 the petitioner concerning the form and style of the petition, issue an

1 identification number for the petition, and write a ballot title for
2 the measure. The ballot title must be posed as a question and an
3 affirmative vote on the measure results in authority retention and a
4 negative vote on the measure results in the authority's dissolution.
5 The petitioner will be notified of the identification number and ballot
6 title within this ten-day period.

7 After this notification, the petitioner has ninety days in which to
8 secure on petition forms, the signatures of not less than fifteen
9 percent of the registered voters in the authority area and to file the
10 signed petitions with the filing officer. Each petition form must
11 contain the ballot title and the full text of the measure to be
12 referred. The filing officer will verify the sufficiency of the
13 signatures on the petitions. If sufficient valid signatures are
14 properly submitted, the filing officer shall submit the initiative to
15 the authority area voters at a general or special election held on one
16 of the dates provided in RCW 29.13.010 as determined by the city
17 council, which election will not take place later than one hundred
18 twenty days after the signed petition has been filed with the filing
19 officer.

20 NEW SECTION. **Sec. 15.** Sections 1 through 12 of this act are each
21 added to chapter 47.10 RCW.

22 NEW SECTION. **Sec. 16.** 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 July 1, 2003.

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