

CERTIFICATION OF ENROLLMENT

SUBSTITUTE SENATE BILL 6342

Chapter 18, Laws of 2016

64th Legislature
Veto Override 2016 1st Special Session

PRIVATE ACTIVITY BONDS--ALLOCATION

EFFECTIVE DATE: 6/28/2016

Passed by the Senate February 11, 2016
Yeas 48 Nays 0

BRAD OWEN

President of the Senate

Passed by the House March 1, 2016
Yeas 93 Nays 4

FRANK CHOPP

Speaker of the House of Representatives

CERTIFICATE

I, Hunter G. Goodman, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **SUBSTITUTE SENATE BILL 6342** as passed by Senate and the House of Representatives on the dates hereon set forth.

HUNTER G. GOODMAN

Secretary

FILED

March 30, 2016

Vetoed March 10, 2016 10:21 PM

JAY INSLEE

Governor of the State of Washington

**Secretary of State
State of Washington**

SUBSTITUTE SENATE BILL 6342

Passed Legislature - Veto Override 2016 1st Special Session

State of Washington 64th Legislature 2016 Regular Session

By Senate Financial Institutions & Insurance (originally sponsored by Senators Miloscia and Hobbs; by request of Housing Finance Commission)

READ FIRST TIME 02/04/16.

1 AN ACT Relating to private activity bond allocation; and amending
2 RCW 39.86.120, 39.86.140, and 39.86.190.

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

4 **Sec. 1.** RCW 39.86.120 and 2010 1st sp.s. c 6 s 6 are each
5 amended to read as follows:

6 (1) Except as provided in subsections (2) and (4) of this
7 section, the initial allocation of the state ceiling shall be for
8 each year as follows:

	BOND USE	
	CATEGORY	2010 and THEREAFTER
9	Housing	((32.0%) <u>42.0%</u>)
10	Small Issue	25.0%
11	Exempt Facility	20.0%
12	Student Loans	((15.0%) <u>5.0%</u>)
13	Public Utility	0.0%
14	Remainder and	
15	Redevelopment	8.0%

16 (2) Initial allocations may be modified by the agency only to
17 reflect an issuer's carryforward amount. Any reduction of the initial

1 allocation shall be added to the remainder and be available for
2 allocation or reallocation.

3 (3) The remainder shall be allocated by the agency among one or
4 more issuers from any bond use category with regard to the criteria
5 specified in RCW 39.86.130.

6 (4) Should any bond use category no longer be subject to the
7 state ceiling due to federal or state provisions of law, the agency
8 shall divide the amount of that initial allocation among the
9 remaining categories as necessary or appropriate with regard to the
10 criteria specified in RCW 39.86.130.

11 (5)(a) Prior to July 1st of each calendar year, any available
12 portion of an initial allocation may be allocated or reallocated only
13 to an issuer within the same bond use category, except that the
14 remainder category, or portions thereof, may be allocated at any time
15 to any bond use category.

16 (b) Beginning July 1st of each calendar year, the agency may
17 allocate or reallocate any available portion of the state ceiling to
18 any bond use category with regard to the criteria specified in RCW
19 39.86.130.

20 **Sec. 2.** RCW 39.86.140 and 2011 c 211 s 3 are each amended to
21 read as follows:

22 (1) No issuer may receive an allocation of the state ceiling
23 without a certificate of approval from the agency. The agency may not
24 make an allocation of the state ceiling to an issuer formed or
25 organized under the laws of another state.

26 (2) For each state ceiling allocation request, an issuer shall
27 submit to the agency, no sooner than ninety days prior to the
28 beginning of a calendar year for which an allocation of the state
29 ceiling is being requested, a form identifying:

30 (a) The amount of the allocation sought;

31 (b) The bond use category from which the allocation sought would
32 be made;

33 (c) The project or program for which the allocation is requested;

34 (d) The financing schedule for which the allocation is needed;

35 and

36 (e) Any other such information required by the agency, including
37 information which corresponds to the allocation criteria of RCW
38 39.86.130.

1 (3) The agency may approve or deny an allocation for all or a
2 portion of the issuer's request. Any denied request, however, shall
3 remain on file with the agency for the remainder of the calendar year
4 and shall be considered for receiving any allocation, reallocation,
5 or carryforward of unused portions of the state ceiling during that
6 period.

7 (4) After receiving an allocation request, the agency shall mail
8 to the requesting issuer a written certificate of approval or notice
9 of denial for an allocation amount, by a date no later than the
10 latest of the following:

11 (a) February 1st of the calendar year for which the request is
12 made; or

13 (b) Fifteen days from the date the agency receives an allocation
14 request(~~(; or~~

15 ~~(c) Fifteen days from the date the agency receives a~~
16 ~~recommendation by the board with regard to a small issue allocation~~
17 ~~request, should the board choose to review individual requests)).~~

18 (5)(a) For requests of the state ceiling of any calendar year,
19 the following applies to all bond use categories except housing and
20 student loans:

21 (i) Except for housing and student loans, any allocations granted
22 prior to April 1st, for which bonds have not been issued by July 1st
23 of the same calendar year, shall revert to the agency on July 1st of
24 the same calendar year for reallocation unless an extension or
25 carryforward is granted;

26 (ii) Except for housing and student loans, any allocations
27 granted on or after April 1st, for which bonds have not been issued
28 by October 15th of the same calendar year, shall revert to the agency
29 on October 15th of the same calendar year for reallocation unless an
30 extension or carryforward is granted.

31 (b) For each calendar year, any housing or student loan
32 allocations, for which bonds have not been issued by December 15th of
33 the same calendar year, shall revert to the agency on December 15th
34 of the same calendar year for reallocation unless an extension or
35 carryforward is granted.

36 (c) In any calendar year for which no allocation for student loan
37 bonds has been granted by February 1st of that year, the entire
38 initial allocation for student loans may be reallocated to housing on
39 February 1st of the same calendar year.

1 (6) An extension of the deadlines provided by subsection (5) of
2 this section may be granted by the agency for the approved allocation
3 amount or a portion thereof, based on:

4 (a) Firm and convincing evidence that the bonds will be issued
5 before the end of the calendar year if the extension is granted; and

6 (b) Any other criteria the agency deems appropriate.

7 (7) If an issuer determines that bonds subject to the state
8 ceiling will not be issued for the project or program for which an
9 allocation was granted, the issuer shall promptly notify the agency
10 in writing so that the allocation may be canceled and the amount may
11 be available for reallocation.

12 (8) Bonds subject to the state ceiling may be issued only to
13 finance the project or program for which a certificate of approval is
14 granted.

15 (9) Within three business days of the date that bonds for which
16 an allocation of the state ceiling is granted have been delivered to
17 the original purchasers, the issuer shall mail to the agency a
18 written notification of the bond issuance. In accordance with chapter
19 39.44 RCW, the issuer shall also complete bond issuance information
20 on the form provided by the agency.

21 (10) If the total amount of bonds issued under the authority of a
22 state ceiling for a project or program is less than the amount
23 allocated, the remaining portion of the allocation shall revert to
24 the agency for reallocation in accordance with the criteria in RCW
25 39.86.130. If the amount of bonds actually issued under the authority
26 of a state ceiling is greater than the amount allocated, the entire
27 allocation shall be disallowed.

28 **Sec. 3.** RCW 39.86.190 and 2010 1st sp.s. c 6 s 11 are each
29 amended to read as follows:

30 (~~By February 1st of each even-numbered year, the agency shall~~
31 ~~summarize for the legislature each previous year's bond allocation~~
32 ~~requests and issuance.)) Beginning in ((February 2010)) June 2018 and
33 thereafter ((in February)) by June 30th of each even-numbered year,
34 the agency shall ((also)) submit a biennial report to the legislature
35 summarizing usage of the bond allocation proceeds and any policy
36 concerns for future bond allocations.~~

Passed by the Senate February 11, 2016.

Passed by the House March 1, 2016.

Vetoed by the Governor March 10, 2016.

Filed in Office of Secretary of State March 30, 2016.

--- END ---