

---

SENATE BILL 6480

---

State of Washington                      65th Legislature                      2018 Regular Session

By Senators Mullet, Angel, and Braun; by request of State Treasurer

Read first time 01/19/18.            Referred to Committee on Financial  
Institutions & Insurance.

1            AN ACT Relating to local government infrastructure needs;  
2 amending RCW 43.79A.040 and 43.155.030; and adding a new chapter to  
3 Title 43 RCW.

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

5            NEW SECTION.        **Sec. 1.**        LEND WASHINGTON PROGRAM—PURPOSE AND  
6 INTENT. State assistance for local infrastructure must expand  
7 capacity and improve access to better assist local governments with  
8 their infrastructure needs. Improving access to state programs and  
9 reducing the cost of private market financing for local government  
10 infrastructure supports the foundation of local responsibility while  
11 expanding the capacity to improve local infrastructure. In order to  
12 meet this goal, it is necessary to provide better access to state  
13 programs by providing local governments with one point of contact  
14 within the state that has knowledge of the numerous state programs  
15 available to support local government infrastructure needs.

16            The legislature intends to streamline and make more efficient  
17 local government access to state programs that provide financial and  
18 technical assistance related to local infrastructure and to provide  
19 technical and other assistance to local governments in meeting their  
20 local infrastructure needs by creating the lend Washington finance  
21 board.

1        NEW SECTION.        **Sec. 2.**        DEFINITIONS. The definitions in this  
2 section apply throughout this chapter unless the context clearly  
3 requires otherwise.

4        (1) "Board" means the lend Washington finance board.

5        (2) "Lend Washington initiative" or "initiative" includes the  
6 plan to standardize access to state programs and the program to be  
7 implemented by the state treasurer for the purpose of providing  
8 financing opportunities and evaluating and directing financing needs  
9 to the appropriate state program.

10        (3) "Plan" means the general plan to standardize the process for  
11 applying for grants and loans through state sponsored programs for  
12 the purpose of assisting political subdivisions in financing  
13 infrastructure projects.

14        (4) "Political subdivision" or "local government" means state  
15 agencies, cities, towns, counties, special purpose districts, and any  
16 other municipal corporations or quasi-municipal corporations in this  
17 state.

18        (5) "Program" means the consolidated borrowing program operated  
19 by the state treasurer for the purpose of providing funds to  
20 political subdivisions for essential infrastructure needs.

21        (6) "Treasurer" means the Washington state treasurer.

22        NEW SECTION.        **Sec. 3.**        LEND WASHINGTON FINANCE BOARD. (1) The  
23 lend Washington finance board is hereby established as a public body  
24 corporate and politic, with perpetual corporate succession,  
25 constituting an instrumentality of the state of Washington exercising  
26 essential governmental functions. The board is a public body within  
27 the meaning of RCW 39.53.010.

28        (2) The board has the following members:

29        (a) The state treasurer;

30        (b) The director of the office of financial management;

31        (c) The director of the department of ecology;

32        (d) The secretary of health;

33        (e) The director of the department of commerce;

34        (f) The state auditor; and

35        (g) Two local government appointees.

36        (3) The local government appointees of the board shall be  
37 appointed by the ex officio members of the board, and must represent  
38 a cross-section of political subdivisions who need access to capital  
39 programs. The term for local government members is two years.

1 (4) If any of the state offices named in subsection (2) of this  
2 section are abolished, any resulting vacancy on the board shall be  
3 filled by the state officer who succeeds substantially to the powers  
4 and duties of the abolished office.

5 (5) Any state official serving in an ex officio capacity may  
6 designate an employee of their respective department to act on their  
7 behalf in all respects with regard to any matter to come before the  
8 board. Such a designation must be made in writing in the manner  
9 specified by rules of the board.

10 (6) Members of the board serve without compensation but are  
11 entitled to reimbursement, solely from the funds of the program, for  
12 expenses incurred in the discharge of their duties under this  
13 chapter.

14 (7) Board members shall provide technical assistance and  
15 expertise to the board with respect to programs that assist political  
16 subdivisions in financing infrastructure projects.

17 (8) The state treasurer shall act as chair of the board.

18 (9) The board must meet at least twice per year. The board shall  
19 provide education and guidance with respect to funding options that  
20 may be available for projects that do not otherwise qualify for  
21 current state grants or loans.

22 (10) The office of the state treasurer will provide staff support  
23 to the board.

24 NEW SECTION. **Sec. 4.** GENERAL POWERS OF THE BOARD. The board  
25 created by section 3 of this act has the power to:

26 (1) Make and execute contracts and all other instruments  
27 necessary or convenient for the exercise of its purposes or powers.

28 (2) Make expenditures as are appropriate for paying the  
29 administrative costs of the program and for carrying out the  
30 provisions of this chapter.

31 (3) Employ, contract with, or engage attorneys, financial  
32 advisors, or other financing experts and other personnel as  
33 necessary. The board may delegate to the appropriate persons the  
34 power to execute legal instruments on its behalf.

35 (4) Receive contributions or grants from any source unless  
36 otherwise prohibited.

37 (5) Exercise any other power reasonably required to implement the  
38 purposes of this chapter.

1        NEW SECTION.    **Sec. 5.**    DUTIES TO CREATE A PLAN FOR PROVIDING  
2 BETTER ACCESS TO POLITICAL SUBDIVISIONS. (1) The board created by  
3 section 3 of this act shall:

4        (a) Establish by rule or resolution standards and requirements as  
5 are applicable to loans and other financings of local government  
6 infrastructure through current programs offered by the state or by  
7 other means as appropriate to serve the needs of local governments.

8        (b) Provide access to finance experts to political subdivisions.

9        (c) Charge appropriate fees to political subdivisions for  
10 services provided by the board, including access to finance experts,  
11 at the discretion of the board.

12        (d) Make financing recommendations and provide technical  
13 assistance regarding financing to political subdivisions that are  
14 planning infrastructure projects.

15        (e) Evaluate projects, if requested by political subdivisions,  
16 and make referrals to the appropriate program or programs.

17        (f) Provide technical assistance on financing matters, if  
18 requested, to political subdivisions who request it.

19        (g) Provide educational opportunities for state and local  
20 governments on financing matters.

21        (h) Adopt other rules as are necessary to carry out the duties  
22 and responsibilities of the program.

23        (2) Nothing in this section precludes a political subdivision  
24 from accessing any program independently without going through the  
25 board.

26        NEW SECTION.    **Sec. 6.**    PLAN. (1) The treasurer must develop a  
27 proposed plan to standardize the process for accessing state  
28 assistance by political subdivisions. The plan must include, but not  
29 be limited to:

30        (a) A list of state programs that provide financial assistance to  
31 political subdivisions for infrastructure projects;

32        (b) Criteria for qualifying for particular programs;

33        (c) Creation of a process for receiving requests from political  
34 subdivisions for assistance and a method for appropriately referring  
35 an applicant to a program; and

36        (d) Creation of a database of political subdivisions who seek  
37 assistance of the board that includes the name of the political  
38 subdivision, the proposed infrastructure need, the referral, if any,  
39 and whether the political subdivision ultimately achieved funding.

1 (2) The board is responsible for adopting the plan as proposed by  
2 the state treasurer unless it deems the plan to be insufficient. If  
3 the board deems the plan to be insufficient, it must provide specific  
4 direction to the treasurer with respect to making modifications to  
5 the plan.

6 NEW SECTION. **Sec. 7.** CREATION OF ACCOUNT. The lend Washington  
7 program account is created in the custody of the state treasurer.  
8 Neither an appropriation nor an allotment is required for  
9 expenditures from the account.

10 NEW SECTION. **Sec. 8.** CONFLICTS OF INTEREST—CODE OF ETHICS. In  
11 addition to other law pertaining to conflicts of interest of public  
12 officials, no board member, appointive or otherwise, may participate  
13 in any decision on any program contract or application in which the  
14 board member has any interests, direct or indirect, with any firm,  
15 partnership, corporation, or association which would be the recipient  
16 of any aid under this chapter. In any instance where the  
17 participation occurs, the program shall void the transaction, and the  
18 involved member is subject to further sanction as provided by law.  
19 The board shall adopt a code of ethics for its members, which shall  
20 be designed to protect the state and its citizens from any unethical  
21 conduct by the program.

22 **Sec. 9.** RCW 43.79A.040 and 2017 3rd sp.s. c 5 s 89 are each  
23 amended to read as follows:

24 (1) Money in the treasurer's trust fund may be deposited,  
25 invested, and reinvested by the state treasurer in accordance with  
26 RCW 43.84.080 in the same manner and to the same extent as if the  
27 money were in the state treasury, and may be commingled with moneys  
28 in the state treasury for cash management and cash balance purposes.

29 (2) All income received from investment of the treasurer's trust  
30 fund must be set aside in an account in the treasury trust fund to be  
31 known as the investment income account.

32 (3) The investment income account may be utilized for the payment  
33 of purchased banking services on behalf of treasurer's trust funds  
34 including, but not limited to, depository, safekeeping, and  
35 disbursement functions for the state treasurer or affected state  
36 agencies. The investment income account is subject in all respects to  
37 chapter 43.88 RCW, but no appropriation is required for payments to

1 financial institutions. Payments must occur prior to distribution of  
2 earnings set forth in subsection (4) of this section.

3 (4)(a) Monthly, the state treasurer must distribute the earnings  
4 credited to the investment income account to the state general fund  
5 except under (b), (c), and (d) of this subsection.

6 (b) The following accounts and funds must receive their  
7 proportionate share of earnings based upon each account's or fund's  
8 average daily balance for the period: The 24/7 sobriety account, the  
9 Washington promise scholarship account, the Gina Grant Bull memorial  
10 legislative page scholarship account, the Washington advanced college  
11 tuition payment program account, the Washington college savings  
12 program account, the accessible communities account, the Washington  
13 achieving a better life experience program account, the community and  
14 technical college innovation account, the agricultural local fund,  
15 the American Indian scholarship endowment fund, the foster care  
16 scholarship endowment fund, the foster care endowed scholarship trust  
17 fund, the contract harvesting revolving account, the Washington state  
18 combined fund drive account, the commemorative works account, the  
19 county enhanced 911 excise tax account, the toll collection account,  
20 the developmental disabilities endowment trust fund, the energy  
21 account, the fair fund, the family and medical leave insurance  
22 account, the food animal veterinarian conditional scholarship  
23 account, the forest health revolving account, the fruit and vegetable  
24 inspection account, the future teachers conditional scholarship  
25 account, the game farm alternative account, the GET ready for math  
26 and science scholarship account, the Washington global health  
27 technologies and product development account, the grain inspection  
28 revolving fund, the industrial insurance rainy day fund, the juvenile  
29 accountability incentive account, the law enforcement officers' and  
30 firefighters' plan 2 expense fund, the local tourism promotion  
31 account, the low-income home rehabilitation revolving loan program  
32 account, the multiagency permitting team account, the northeast  
33 Washington wolf-livestock management account, the pilotage account,  
34 the produce railcar pool account, the regional transportation  
35 investment district account, the rural rehabilitation account, the  
36 Washington sexual assault kit account, the stadium and exhibition  
37 center account, the youth athletic facility account, the self-  
38 insurance revolving fund, the children's trust fund, the Washington  
39 horse racing commission Washington bred owners' bonus fund and  
40 breeder awards account, the Washington horse racing commission class

1 C purse fund account, the individual development account program  
2 account, the Washington horse racing commission operating account,  
3 the life sciences discovery fund, the Washington state heritage  
4 center account, the reduced cigarette ignition propensity account,  
5 the center for childhood deafness and hearing loss account, the  
6 school for the blind account, the Millersylvania park trust fund, the  
7 public employees' and retirees' insurance reserve fund, the lend  
8 Washington program account, and the radiation perpetual maintenance  
9 fund.

10 (c) The following accounts and funds must receive eighty percent  
11 of their proportionate share of earnings based upon each account's or  
12 fund's average daily balance for the period: The advanced right-of-  
13 way revolving fund, the advanced environmental mitigation revolving  
14 account, the federal narcotics asset forfeitures account, the high  
15 occupancy vehicle account, the local rail service assistance account,  
16 and the miscellaneous transportation programs account.

17 (d) Any state agency that has independent authority over accounts  
18 or funds not statutorily required to be held in the custody of the  
19 state treasurer that deposits funds into a fund or account in the  
20 custody of the state treasurer pursuant to an agreement with the  
21 office of the state treasurer shall receive its proportionate share  
22 of earnings based upon each account's or fund's average daily balance  
23 for the period.

24 (5) In conformance with Article II, section 37 of the state  
25 Constitution, no trust accounts or funds shall be allocated earnings  
26 without the specific affirmative directive of this section.

27 **Sec. 10.** RCW 43.155.030 and 1999 c 153 s 58 are each amended to  
28 read as follows:

29 (1) The public works board is hereby created.

30 (2) The board shall be composed of (~~thirteen~~) fourteen members  
31 appointed by the governor for terms of four years, except that five  
32 members initially shall be appointed for terms of two years. The  
33 board shall include: (a) The state treasurer; (b) three members, two  
34 of whom shall be elected officials and one shall be a public works  
35 manager, appointed from a list of at least six persons nominated by  
36 the association of Washington cities or its successor; (~~(b)~~) (c)  
37 three members, two of whom shall be elected officials and one shall  
38 be a public works manager, appointed from a list of at least six  
39 persons nominated by the Washington state association of counties or

1 its successor; (~~(e)~~) (d) three members appointed from a list of at  
2 least six persons nominated jointly by the Washington public utility  
3 districts association and a state association of water-sewer  
4 districts, or their successors; and (~~(d)~~) (e) four members  
5 appointed from the general public. In appointing the four general  
6 public members, the governor shall endeavor to balance the  
7 geographical composition of the board and to include members with  
8 special expertise in relevant fields such as public finance,  
9 architecture and civil engineering, and public works construction.  
10 The governor shall appoint one of the general public members of the  
11 board as chair. The term of the chair shall coincide with the term of  
12 the governor.

13 (3) Staff support to the board shall be provided by the  
14 department.

15 (4) Members of the board shall receive no compensation but shall  
16 be reimbursed for travel expenses under RCW 43.03.050 and 43.03.060.

17 (5) If a vacancy on the board occurs by death, resignation, or  
18 otherwise, the governor shall fill the vacant position for the  
19 unexpired term. Each vacancy in a position appointed from lists  
20 provided by the associations under subsection (2) of this section  
21 shall be filled from a list of at least three persons nominated by  
22 the relevant association or associations. Any members of the board,  
23 appointive or otherwise, may be removed by the governor for cause in  
24 accordance with RCW 43.06.070 and 43.06.080.

25 NEW SECTION. **Sec. 11.** Sections 1 through 8 of this act  
26 constitute a new chapter in Title 43 RCW.

27 NEW SECTION. **Sec. 12.** SEVERABILITY. If any provision of this  
28 act or its application to any person or circumstance is held invalid,  
29 the remainder of the act or the application of the provision to other  
30 persons or circumstances is not affected.

--- END ---