

CERTIFICATION OF ENROLLMENT

ENGROSSED SECOND SUBSTITUTE HOUSE BILL 1080

Chapter 3, Laws of 2018

65th Legislature
2018 Regular Session

GENERAL OBLIGATION BONDS AND RELATED ACCOUNTS

EFFECTIVE DATE: January 19, 2018

Passed by the House January 18, 2018
Yeas 94 Nays 2

FRANK CHOPP

Speaker of the House of Representatives

Passed by the Senate January 18, 2018
Yeas 47 Nays 2

CYRUS HABIB

President of the Senate

Approved January 19, 2018 2:38 PM

JAY INSLEE

Governor of the State of Washington

CERTIFICATE

I, Bernard Dean, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **ENGROSSED SECOND SUBSTITUTE HOUSE BILL 1080** as passed by House of Representatives and the Senate on the dates hereon set forth.

BERNARD DEAN

Chief Clerk

FILED

January 19, 2018

**Secretary of State
State of Washington**

ENGROSSED SECOND SUBSTITUTE HOUSE BILL 1080

Passed Legislature - 2018 Regular Session

State of Washington

65th Legislature

2018 Regular Session

By House Capital Budget (originally sponsored by Representatives Tharinger and DeBolt; by request of Office of Financial Management)

READ FIRST TIME 01/10/18.

1 AN ACT Relating to state general obligation bonds and related
2 accounts; amending RCW 43.99G.150 and 43.99G.170; adding a new
3 section to chapter 43.99H RCW; adding a new section to chapter
4 28B.14H RCW; adding new chapters to Title 43 RCW; and declaring an
5 emergency.

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

7

PART I

8

CAPITAL PROJECTS BONDS

9 NEW SECTION. **Sec. 101.** For the purpose of providing funds to
10 finance the projects described and authorized by the legislature in
11 the omnibus capital and operating appropriations acts for the
12 2017-2019 fiscal biennium, and all costs incidental thereto, the
13 state finance committee is authorized to issue general obligation
14 bonds of the state of Washington in the sum of two billion nine
15 hundred thirty million two hundred thirty thousand dollars, or as
16 much thereof as may be required, to finance these projects and all
17 costs incidental thereto. Bonds authorized in this section may be
18 sold at such price as the state finance committee shall determine. No
19 bonds authorized in this section may be offered for sale without

1 prior legislative appropriation of the net proceeds of the sale of
2 the bonds.

3 NEW SECTION. **Sec. 102.** (1) The proceeds from the sale of bonds
4 authorized in section 101 of this act shall be deposited in the state
5 building construction account created by RCW 43.83.020. The proceeds
6 shall be transferred as follows:

7 (a) Two billion seven hundred six million one hundred thirty-one
8 thousand dollars to remain in the state building construction account
9 created by RCW 43.83.020;

10 (b) Two hundred twenty-four million ninety-nine thousand dollars
11 to the state taxable building construction account. All receipts from
12 taxable bonds issued are to be deposited into the account. If the
13 state finance committee deems it necessary or advantageous to issue
14 more than the amount specified in this subsection (1)(b) as taxable
15 bonds in order to comply with federal internal revenue service rules
16 and regulations pertaining to the use of nontaxable bond proceeds or
17 in order to reduce the total financing costs for bonds issued, 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. If the state finance committee
21 determines that a portion of the amount specified in this subsection
22 (1)(b) as taxable bonds may be issued as nontaxable bonds in
23 compliance with federal internal revenue service rules and
24 regulations pertaining to the use of nontaxable bond proceeds, then
25 such bond proceeds shall be transferred to the state building
26 construction account in lieu of the transfer to the state taxable
27 building construction account otherwise provided by this subsection
28 (1)(b). The state treasurer shall submit written notice to the
29 director of financial management if it is determined that any such
30 additional transfer to the state taxable building construction
31 account is necessary or that a transfer from the state taxable
32 building construction account to the state building construction
33 account may be made. Moneys in the account may be spent only after
34 appropriation.

35 (c) The treasurer shall transfer bond proceeds deposited in the
36 state building construction account into the outdoor recreation
37 account created by RCW 79A.25.060, the habitat conservation account
38 created by RCW 79A.15.020, the farm and forest account created by RCW
39 79A.15.130, and the early learning facilities development account, at

1 various times and in various amounts necessary to support authorized
2 expenditures from those accounts.

3 (d) The treasurer shall transfer bond proceeds deposited in the
4 state taxable building construction account into the early learning
5 facilities revolving account, at various times and in various amounts
6 necessary to support authorized expenditures from that account.

7 (2) These proceeds shall be used exclusively for the purposes
8 specified in this section and for the payment of expenses incurred in
9 the issuance and sale of the bonds issued for the purposes of this
10 section, and shall be administered by the office of financial
11 management subject to legislative appropriation.

12 NEW SECTION. **Sec. 103.** (1) The debt-limit general fund bond
13 retirement account shall be used for the payment of the principal of
14 and interest on the bonds authorized in section 101 of this act.

15 (2) The state finance committee shall, on or before June 30th of
16 each year, certify to the state treasurer the amount needed in the
17 ensuing twelve months to meet the bond retirement and interest
18 requirements on the bonds authorized in section 101 of this act.

19 (3) On each date on which any interest or principal and interest
20 payment is due on bonds issued for the purposes of section 102(1) (a)
21 through (d) of this act the state treasurer shall withdraw from any
22 general state revenues received in the state treasury and deposit in
23 the debt-limit general fund bond retirement account an amount equal
24 to the amount certified by the state finance committee to be due on
25 the payment date.

26 NEW SECTION. **Sec. 104.** (1) Bonds issued under section 101 of
27 this act shall state that they are a general obligation of the state
28 of Washington, shall pledge the full faith and credit of the state to
29 the payment of the principal thereof and the interest thereon, and
30 shall contain an unconditional promise to pay the principal and
31 interest as the same shall become due.

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

36 NEW SECTION. **Sec. 105.** The legislature may provide additional
37 means for raising moneys for the payment of the principal of and

1 interest on the bonds authorized in section 101 of this act, and
2 sections 102 and 103 of this act shall not be deemed to provide an
3 exclusive method for the payment.

4 **PART II**

5 **WATERSHED RESTORATION AND ENHANCEMENT BONDS**

6 NEW SECTION. **Sec. 201.** For the purpose of providing funds for
7 the watershed and fisheries restoration and enhancement program, the
8 state finance committee is authorized to issue general obligation
9 bonds of the state of Washington in the sum of three hundred million
10 dollars, or as much thereof as may be required, to finance the
11 projects and all costs incidental thereto. Bonds authorized in this
12 section may be sold at such price as the state finance committee
13 shall determine.

14 NEW SECTION. **Sec. 202.** It is the intent of the legislature that
15 the proceeds of the new bonds authorized in section 201 of this act
16 will be dispersed in phases of no more than twenty million dollars
17 per year over fifteen years, beginning with the 2017-2019 biennium.
18 This is not intended to limit the state's ability to disperse bond
19 proceeds if the full amount authorized in section 201 of this act has
20 not been dispersed after fifteen years. The authorization to issue
21 bonds contained in section 201 of this act does not expire until the
22 full authorization has been issued and dispersed.

23 NEW SECTION. **Sec. 203.** The proceeds from the sale of the bonds
24 authorized in section 201 of this act must be deposited in the
25 watershed restoration and enhancement bond account. If the state
26 finance committee deems it necessary to issue the bonds authorized in
27 section 201 of this act as taxable bonds in order to comply with
28 federal internal revenue service rules and regulations pertaining to
29 the use of nontaxable bond proceeds, the proceeds of such taxable
30 bonds must be deposited into the watershed restoration and
31 enhancement taxable bond account. The state treasurer shall submit
32 written notice to the director of financial management if it is
33 determined that any such transfer to the watershed restoration and
34 enhancement taxable bond account is necessary. The proceeds shall be
35 used exclusively for the purposes specified in section 201 of this
36 act and for the payment of expenses incurred in the issuance and sale

1 of the bonds. These proceeds shall be administered by the office of
2 financial management.

3 NEW SECTION. **Sec. 204.** The debt-limit general fund bond
4 retirement account shall be used for the payment of the principal of
5 and interest on the bonds authorized in section 201 of this act. The
6 state finance committee shall, on or before June 30th of each year,
7 certify to the state treasurer the amount needed in the ensuing
8 twelve months to meet the bond retirement and interest requirements.
9 On each date on which any interest or principal and interest payment
10 is due, the state treasurer shall withdraw from any general state
11 revenues received in the state treasury and deposit in the debt-limit
12 general fund bond retirement account an amount equal to the amount
13 certified by the state finance committee to be due on the payment
14 date. Bonds issued under section 201 of this act shall state that
15 they are a general obligation of the state of Washington, shall
16 pledge the full faith and credit of the state to the payment of the
17 principal thereof and the interest thereon, and shall contain an
18 unconditional promise to pay the principal and interest as the same
19 shall become due.

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

24 NEW SECTION. **Sec. 205.** The legislature may provide additional
25 means for raising moneys for the payment of the principal of and
26 interest on the bonds authorized in section 201 of this act, and
27 section 204 of this act shall not be deemed to provide an exclusive
28 method for the payment.

29 NEW SECTION. **Sec. 206.** The bonds authorized in section 201 of
30 this act shall be a legal investment for all state funds or funds
31 under state control and for all funds of any other public body.

32 NEW SECTION. **Sec. 207.** Sections 201 through 206 of this act
33 constitute a new chapter in Title 43 RCW.

34
35

PART III
MISCELLANEOUS

1 **Sec. 301.** RCW 43.99G.150 and 2006 c 167 s 101 are each amended
2 to read as follows:

3 (1) For the purpose of providing funds for state correctional
4 facilities, the state finance committee is authorized to issue
5 general obligation bonds of the state of Washington in the sum of
6 fifty-nine million three hundred thousand dollars, or as much thereof
7 as may be required, to finance the projects and all costs incidental
8 thereto. Bonds authorized in this section may be sold at such price
9 as the state finance committee shall determine. No bonds authorized
10 in this section may be offered for sale without prior legislative
11 appropriation of the net proceeds of the sale of the bonds.

12 (2) If any bonds authorized in this chapter have not been issued
13 by June 30, 2018, the authority of the state finance committee to
14 issue such remaining unissued bonds expires June 30, 2018.

15 **Sec. 302.** RCW 43.99G.170 and 2006 c 167 s 301 are each amended
16 to read as follows:

17 (1) For the purpose of providing funds for the Hood Canal aquatic
18 rehabilitation program, the state finance committee is authorized to
19 issue general obligation bonds of the state of Washington in the sum
20 of six million nine hundred twenty thousand dollars, or as much
21 thereof as may be required, to finance the projects and all costs
22 incidental thereto. Bonds authorized in this section may be sold at
23 such price as the state finance committee shall determine. No bonds
24 authorized in this section may be offered for sale without prior
25 legislative appropriation of the net proceeds of the sale of the
26 bonds.

27 (2) If any bonds authorized in this chapter have not been issued
28 by June 30, 2018, the authority of the state finance committee to
29 issue such remaining unissued bonds expires June 30, 2018.

30 NEW SECTION. **Sec. 303.** A new section is added to chapter 43.99H
31 RCW to read as follows:

32 If any bonds authorized in this chapter have not been issued by
33 June 30, 2018, the authority of the state finance committee to issue
34 such remaining unissued bonds expires June 30, 2018.

35 NEW SECTION. **Sec. 304.** A new section is added to chapter
36 28B.14H RCW to read as follows:

1 If any bonds authorized in this chapter have not been issued by
2 June 30, 2018, the authority of the state finance committee to issue
3 such remaining unissued bonds expires June 30, 2018.

4 NEW SECTION. **Sec. 305.** Sections 101 through 105 of this act
5 constitute a new chapter in Title 43 RCW.

6 NEW SECTION. **Sec. 306.** If any provision of this act or its
7 application to any person or circumstance is held invalid, the
8 remainder of the act or the application of the provision to other
9 persons or circumstances is not affected.

10 NEW SECTION. **Sec. 307.** This act is necessary for the immediate
11 preservation of the public peace, health, or safety, or support of
12 the state government and its existing public institutions, and takes
13 effect immediately.

Passed by the House January 18, 2018.
Passed by the Senate January 18, 2018.
Approved by the Governor January 19, 2018.
Filed in Office of Secretary of State January 19, 2018.

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