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**SENATE BILL 5201**

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**State of Washington 68th Legislature 2023 Regular Session**

**By** Senators Mullet, Schoesler, and Nguyen; by request of Office of Financial Management

AN ACT Relating to state general obligation bonds and related accounts; amending RCW 43.99U.010, 28A.527.010, 28A.527.020, and 43.99V.010; adding new sections to chapter 43.100A RCW; repealing RCW 43.100A.306; and declaring an emergency.

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

**PART I**

**2021-2023 AND 2023-2025 BIENNIAL BOND AUTHORIZATION**

NEW SECTION. **Sec.**  For the purpose of providing funds to finance the projects described and authorized by the legislature in the omnibus capital and operating appropriations acts for the 2021-2023 and 2023-2025 fiscal biennia, and all costs incidental thereto, the state finance committee is authorized to issue general obligation bonds of the state of Washington in the sum of $3,977,065,000, or as much thereof as may be required, to finance these projects and all costs incidental thereto. Bonds authorized in this section may be sold at such price as the state finance committee shall determine. No bonds authorized in this section may be offered for sale without prior legislative appropriation of the net proceeds of the sale of the bonds.

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

(a) $3,859,065,000 to remain in the state building construction account created by RCW 43.83.020;

(b) $118,000,000 to the state taxable building construction account. All receipts from taxable bonds issued are to be deposited into the account. If the state treasurer, on behalf of the state finance committee, deems it necessary or advantageous to issue more than the amount specified in this subsection (1)(b) as taxable bonds in order to comply with federal internal revenue service rules and regulations pertaining to the use of nontaxable bond proceeds or in order to reduce the total financing costs for bonds issued, the proceeds of such additional taxable bonds shall be transferred to the state taxable building construction account in lieu of any transfer otherwise provided by this section. If the state treasurer, on behalf of the state finance committee, determines that a portion of the amount specified in this subsection (1)(b) as taxable bonds may be issued as nontaxable bonds in compliance with federal internal revenue service rules and regulations pertaining to the use of nontaxable bond proceeds, then such bond proceeds shall be transferred to the state building construction account in lieu of the transfer to the state taxable building construction account otherwise provided by this subsection (1)(b). The state treasurer, on behalf of the state finance committee, shall submit written notice to the director of the office of financial management if it is determined that any such additional transfer to the state taxable building construction account is necessary or that a transfer from the state taxable building construction account to the state building construction account may be made. Moneys in the account may be spent only after appropriation.

(2)(a) The state treasurer shall transfer bond proceeds deposited in the state building construction account into the outdoor recreation account created by RCW 79A.25.060, the habitat conservation account created by RCW 79A.15.020, the farm and forest account created by RCW 79A.15.130, and the Ruth Lecocq Kagi early learning facilities development account created by RCW 43.31.569, at various times and in various amounts necessary to support authorized expenditures from those accounts.

(b) The state treasurer shall transfer bond proceeds deposited in the state taxable building construction account into the Ruth Lecocq Kagi early learning facilities revolving account created by RCW 43.31.569 at various times and in various amounts necessary to support authorized expenditures from that account.

(3) These proceeds shall be used exclusively for the purposes specified in section 101 of this act and for the payment of expenses incurred in the issuance and sale of the bonds issued for the purposes of section 101 of this act, and shall be administered by the office of financial management subject to legislative appropriation.

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

(2) The state finance committee shall, on or before June 30th of each year, certify to the state treasurer the amount needed in the ensuing 12 months to meet the bond retirement and interest requirements on the bonds authorized in section 101 of this act.

(3) On each date on which any interest or principal and interest payment is due on bonds issued for the purposes of section 102 (1) and (2) of this act the state treasurer shall withdraw from any general state revenues received in the state treasury and deposit in the debt-limit general fund bond retirement account an amount equal to the amount certified by the state finance committee to be due on the payment date.

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

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

NEW SECTION. **Sec.**  The legislature may provide additional means for raising moneys for the payment of the principal of and interest on the bonds authorized in section 101 of this act, and sections 102 and 103 of this act shall not be deemed to provide an exclusive method for the payment.

**PART II**

**HOSPITAL BOND AUTHORIZATION**

NEW SECTION. **Sec.**  For the purpose of providing funds to finance the construction of a new forensic hospital at western state hospital, and all costs incidental thereto, the state finance committee is authorized to issue general obligation bonds of the state of Washington in the sum of $895,000,000, or as much thereof as may be required, to finance this project and all costs incidental thereto. Bonds authorized in this section may be sold at such price as the state finance committee shall determine. No bonds authorized in this section may be offered for sale without prior legislative appropriation of the net proceeds of the sale of the bonds.

NEW SECTION. **Sec.**  (1) The proceeds from the sale of bonds authorized in section 201 of this act shall be deposited in the state building construction account created by RCW 43.83.020.

(2) The state treasurer, on behalf of the state finance committee, may, if it deems it necessary or advantageous, issue any of the amount specified in subsection (1) of this section as taxable bonds in order to comply with federal internal revenue service rules and regulations pertaining to the use of nontaxable bond proceeds or in order to reduce the total financing costs for bonds issued. The proceeds of such taxable bonds shall be transferred to the state taxable building construction account in lieu of any transfer or deposit otherwise provided by this section. The state treasurer, on behalf of the state finance committee, shall submit written notice to the director of the office of financial management if it is determined that any such transfer to the state taxable building construction account is necessary. Moneys in the account may be spent only after appropriation.

(3) These proceeds shall be used exclusively for the purpose specified in section 201 of this act and for the payment of expenses incurred in the issuance and sale of the bonds issued for the purposes of section 201 of this act, and shall be administered by the office of financial management subject to legislative appropriation.

NEW SECTION. **Sec.**  (1) The debt-limit general fund bond retirement account shall be used for the payment of the principal of and interest on the bonds authorized in section 201 of this act.

(2) The state finance committee shall, on or before June 30th of each year, certify to the state treasurer the amount needed in the ensuing 12 months to meet the bond retirement and interest requirements on the bonds authorized in section 201 of this act.

(3) On each date on which any interest or principal and interest payment is due on bonds issued for the purpose of section 201 of this act the state treasurer shall withdraw from any general state revenues received in the state treasury and deposit in the debt-limit general fund bond retirement account an amount equal to the amount certified by the state finance committee to be due on the payment date.

NEW SECTION. **Sec.**  (1) Bonds issued under section 201 of this act shall state that they are a general obligation of the state of Washington, shall pledge the full faith and credit of the state to the payment of the principal thereof and the interest thereon, and shall contain an unconditional promise to pay the principal and interest as the same shall become due.

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

NEW SECTION. **Sec.**  The legislature may provide additional means for raising moneys for the payment of the principal of and interest on the bonds authorized in section 201 of this act, and sections 202 and 203 of this act shall not be deemed to provide an exclusive method for the payment.

**PART III**

**UNISSUED BOND EXPIRATIONS**

**Sec.**  RCW 43.99U.010 and 2008 c 179 s 101 are each amended to read as follows:

(1) For the purpose of providing state funds for federally matched flood hazard mitigation and other projects throughout the Chehalis river basin, the state finance committee is authorized to issue general obligation bonds of the state of Washington in the sum of ((~~fifty million dollars~~)) $50,000,000, or as much thereof as may be required, to finance the projects and all costs incidental thereto. Bonds authorized in this section may be sold at such price as the state finance committee shall determine. No bonds authorized in this section may be offered for sale without prior legislative appropriation of the net proceeds of the sale of the bonds.

(2) If any bonds authorized in this chapter have not been issued by June 30, 2024, the authority of the state finance committee to issue such remaining unissued bonds expires June 30, 2024.

**Sec.**  RCW 28A.527.010 and 2008 c 179 s 202 are each amended to read as follows:

(1) For the purpose of providing school construction assistance grants and needed capital improvements consisting of the predesign, design, acquisition, construction, modification, renovation, expansion, equipping, and other improvements of skill centers facilities, including capital improvements to support satellite or branch campus programs for underserved rural areas or high-density areas, the state finance committee is authorized to issue general obligation bonds of the state of Washington in the sum of ((~~one hundred million dollars~~)) $100,000,000, or as much thereof as may be required, to finance all or a part of these projects and all costs incidental thereto. Bonds authorized in this section may be sold at such price as the state finance committee shall determine. No bonds authorized in this section may be offered for sale without prior legislative appropriation of the net proceeds of the sale of the bonds. If the state finance committee deems it necessary to issue taxable bonds in order to comply with federal internal revenue service rules and regulations pertaining to the use of nontaxable bond proceeds, the proceeds of such taxable bonds shall be transferred to the state taxable building construction account in lieu of any deposits otherwise provided by this section. The state treasurer shall submit written notice to the director of financial management if it is determined that any such transfer to the state taxable building construction account is necessary.

(2) If any bonds authorized in this chapter have not been issued by June 30, 2024, the authority of the state finance committee to issue such remaining unissued bonds expires June 30, 2024.

**Sec.**  RCW 28A.527.020 and 2008 c 179 s 203 are each amended to read as follows:

This chapter is not intended to limit the legislature's ability to appropriate bond proceeds if the full amount authorized in this chapter has not been appropriated after one biennia((~~, and the authorization to issue bonds contained in this chapter does not expire until the full authorization has been appropriated and issued~~)).

**Sec.**  RCW 43.99V.010 and 2009 c 6 s 1 are each amended to read as follows:

(1) For the purpose of providing funds to finance the school construction assistance grant program described and authorized by the legislature in the capital appropriations acts for the 2007-2009 and 2009-2011 fiscal biennia, and all costs incidental thereto, the state finance committee is authorized to issue general obligation bonds of the state of Washington in the sum of ((~~one hundred thirty-three million dollars~~)) $133,000,000, or as much thereof as may be required, to finance these projects and all costs incidental thereto. Bonds authorized in this section may be sold at such price as the state finance committee shall determine. No bonds authorized in this section may be offered for sale without prior legislative appropriation of the net proceeds of the sale of the bonds.

(2) If any bonds authorized in this chapter have not been issued by June 30, 2024, the authority of the state finance committee to issue such remaining unissued bonds expires June 30, 2024.

**PART IV**

**MISCELLANEOUS**

NEW SECTION. **Sec.**  RCW 43.100A.306 (Bond issuance—Intent) and 2018 c 3 s 202 are each repealed.

NEW SECTION. **Sec.**  Sections 101 through 105 and 201 through 205 of this act are each added to chapter 43.100A RCW.

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

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

**--- END ---**