
SENATE BILL 5392

State of Washington

55th Legislature

1997 Regular Session

By Senators Strannigan, Fraser, West and Spanel; by request of Office of Financial Management

Read first time 01/24/97. Referred to Committee on Ways & Means.

1 AN ACT Relating to state general obligation bonds and related
2 accounts; amending RCW 70.146.030, 39.42.060, 43.99I.020, 43.99I.040,
3 43.99I.090, 43.99K.010, and 43.99K.020; adding new chapters to Title 43
4 RCW; repealing RCW 43.99I.050; and declaring an emergency.

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

6 NEW SECTION. **Sec. 1.** For the purpose of providing funds to
7 finance the projects described and authorized by the legislature in the
8 capital and operating appropriations acts for the 1997-99 fiscal
9 biennium, and all costs incidental thereto, the state finance committee
10 is authorized to issue general obligation bonds of the state of
11 Washington in the sum of nine hundred ninety-eight million three
12 hundred fifty thousand dollars, or as much thereof as may be required,
13 to finance these projects and all costs incidental thereto. Bonds
14 authorized in this section may be sold at such price as the state
15 finance committee shall determine. No bonds authorized in this section
16 may be offered for sale without prior legislative appropriation of the
17 net proceeds of the sale of the bonds.

1 NEW SECTION. **Sec. 2.** The proceeds from the sale of the bonds
2 authorized in section 1 of this act shall be deposited in the state
3 building construction account created by RCW 43.83.020. The proceeds
4 shall be transferred as follows:

5 (1) Eight hundred fifty-six million dollars to remain in the state
6 building construction account created by RCW 43.83.020;

7 (2) Thirty-five million dollars to the outdoor recreation account
8 created by RCW 43.99.060;

9 (3) Thirty-five million dollars to the habitat conservation account
10 created by RCW 43.98A.020;

11 (4) One million six hundred thousand dollars to the public safety
12 reimbursable bond account; and

13 (5) Forty million eight hundred thousand dollars to the higher
14 education construction account created by RCW 28B.14D.040.

15 These proceeds shall be used exclusively for the purposes specified
16 in this section and for the payment of expenses incurred in the
17 issuance and sale of the bonds issued for the purposes of this section,
18 and shall be administered by the office of financial management subject
19 to legislative appropriation.

20 NEW SECTION. **Sec. 3.** (1) The state general obligation bond
21 retirement fund shall be used for the payment of the principal of and
22 interest on the bonds authorized in section 2 (1), (2), (3), (4), and
23 (5) of this act.

24 (2) The state finance committee shall, on or before June 30th of
25 each year, certify to the state treasurer the amount needed in the
26 ensuing twelve months to meet the bond retirement and interest
27 requirements. On the date on which any interest or principal and
28 interest payment is due, the state treasurer shall withdraw from any
29 general state revenues received in the state treasury and deposit in
30 the state general obligation bond retirement fund an amount equal to
31 the amount certified by the state finance committee to be due on the
32 payment date.

33 (3) On each date on which any interest or principal and interest
34 payment is due on bonds issued for the purposes of section 2(4) of this
35 act, the state treasurer shall transfer from the public safety and
36 education account to the general fund of the state treasury the amount
37 computed in subsection (2) of this section for the bonds issued for the
38 purposes of section 2(4) of this act.

1 (4) On each date on which any interest or principal and interest
2 payment is due on bonds issued for the purposes of section 2(5) of this
3 act, the board of regents of the University of Washington shall cause
4 to be paid out of University of Washington nonappropriated local funds
5 to the state treasurer for deposit into the general fund of the state
6 treasury the amount computed in subsection (2) of this section for
7 bonds issued for the purposes of section 2(5) of this act.

8 (5) Bonds issued under this section and sections 1 and 2 of this
9 act shall state that they are a general obligation of the state of
10 Washington, shall pledge the full faith and credit of the state to the
11 payment of the principal thereof and the interest thereon, and shall
12 contain an unconditional promise to pay the principal and interest as
13 the same shall become due.

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

18 NEW SECTION. **Sec. 4.** The legislature may provide additional means
19 for raising moneys for the payment of the principal of and interest on
20 the bonds authorized in section 1 of this act, and section 3 of this
21 act shall not be deemed to provide an exclusive method for the payment.

22 NEW SECTION. **Sec. 5.** The bonds authorized in section 1 of this
23 act shall be a legal investment for all state funds or funds under
24 state control and for all funds of any other public body.

25 **Sec. 6.** RCW 70.146.030 and 1996 c 37 s 2 are each amended to read
26 as follows:

27 (1) The water quality account is hereby created in the state
28 treasury. Moneys in the account may be used only in a manner
29 consistent with this chapter. Moneys deposited in the account shall be
30 administered by the department of ecology and shall be subject to
31 legislative appropriation. Moneys placed in the account shall include
32 tax receipts as provided in RCW 82.24.027, 82.26.025, and 82.32.390,
33 principal and interest from the repayment of any loans granted pursuant
34 to this chapter, and any other moneys appropriated to the account by
35 the legislature.

1 (2) The department may use or permit the use of any moneys in the
2 account to make grants or loans to public bodies, including grants to
3 public bodies as cost-sharing moneys in any case where federal, local,
4 or other funds are made available on a cost-sharing basis, for water
5 pollution control facilities and activities, or for purposes of
6 assisting a public body to obtain an ownership interest in water
7 pollution control facilities and/or to defray a part of the payments
8 made by a public body to a service provider under a service agreement
9 entered into pursuant to RCW 70.150.060, within the purposes of this
10 chapter and for related administrative expenses. No more than three
11 percent of the moneys deposited in the account may be used by the
12 department to pay for the administration of the grant and loan program
13 authorized by this chapter.

14 (3) Beginning with the biennium ending June 30, 1997, the
15 department shall present a biennial progress report on the use of
16 moneys from the account to the chairs of the senate committee on ways
17 and means and the house of representatives committee on appropriations.
18 The first report is due June 30, 1996, and the report for each
19 succeeding biennium is due December 31 of the odd-numbered year. The
20 report shall consist of a list of each recipient, project description,
21 and amount of the grant, loan, or both.

22 (4) (~~During the fiscal biennium ending June 30, 1997,~~) Moneys in
23 the account may be transferred by the legislature to the water right
24 permit processing account and the debt service for reimbursable bonds
25 excluded from the debt limit account.

26 (5) The state treasurer may use or permit the use of any moneys in
27 the account for payment of principal and interest on the bonds
28 authorized in section 7 of this act.

29 NEW SECTION. Sec. 7. (1) For the purpose of providing funds for
30 programs and projects to address water quality, the state finance
31 committee is authorized to issue bonds of the state of Washington in
32 the sum of one hundred fifty-four million six hundred forty thousand
33 dollars or so much thereof as may be required to finance programs and
34 projects consistent with chapter 70.146 RCW, and all costs incidental
35 thereto. No bonds authorized by chapter . . . , Laws of 1997 (this act)
36 shall be offered for sale without prior legislative appropriation of
37 the net proceeds of sale of bonds.

1 (2) The proceeds from the sale of bonds authorized by chapter . .
2 ., Laws of 1997 (this act) shall be deposited in the water quality
3 account and shall be used exclusively for the purposes specified in
4 chapter 70.146 RCW and for payment of the expenses incurred in the
5 issuance and sale of the bonds.

6 (3) The proceeds from the sale of bonds deposited in the water
7 quality account under the terms of chapter . . ., Laws of 1997 (this
8 act) shall be administered by the department of ecology subject to
9 legislative appropriation. The department of ecology may use or permit
10 the use of any funds derived from the sale of bonds authorized under
11 chapter . . ., Laws of 1997 (this act) by direct expenditures and by
12 grants or loans to public bodies, including grants to public bodies as
13 matching funds for federal, local, and other funds that may be
14 available on a matching basis in accordance with chapter 39.42 RCW.

15 (4) The state finance committee is authorized to prescribe the
16 form, terms, conditions, prices, and covenants of the bonds, the time
17 or times of sale of all or any portion of them, and the conditions and
18 manner of their sale and issuance.

19 (5) The state general obligation bond retirement fund shall be used
20 for the payment of the principal of and interest on the bonds
21 authorized in this section.

22 (6)(a) On or before June 30th of each year the state finance
23 committee shall certify to the state treasurer the amount needed in the
24 ensuing fiscal year for the payment of principal and interest on the
25 bonds. On each date on which any interest or principal and interest
26 payment is due, the state treasurer shall withdraw from any general
27 state revenues received in the state treasury and deposit in the state
28 general obligation bond retirement fund an amount certified by the
29 state finance committee to be due on the payment date.

30 (b) On each date on which any interest or principal is due, the
31 state treasurer shall cause an amount equal to the amount certified by
32 the state finance committee under (a) of this subsection to be paid out
33 of the water quality account for deposit into the general fund of the
34 state treasury.

35 (7) The bonds issued under this section shall state that they are
36 an obligation of the state of Washington, shall pledge the full faith
37 and credit of the state to the payment of the principal thereof and the
38 interest thereon, and shall contain an unconditional promise to pay the
39 principal and interest as the same shall become due.

1 (8) The legislature may provide additional means for raising moneys
2 for the payment of the principal and interest of the bonds authorized
3 in this section, and chapter . . . , Laws of 1997 (this act) shall not
4 be deemed to provide an exclusive method for such payment.

5 (9) The bonds authorized in this section shall be a legal
6 investment for all state funds or for funds under state control and for
7 all funds of any other public body.

8 NEW SECTION. **Sec. 8.** The bonds authorized in section 7 of this
9 act are exempt from the statutory limitations of indebtedness under RCW
10 39.42.060.

11 **Sec. 9.** RCW 39.42.060 and 1993 c 52 s 1 are each amended to read
12 as follows:

13 No bonds, notes, or other evidences of indebtedness for borrowed
14 money shall be issued by the state which will cause the aggregate debt
15 contracted by the state to exceed that amount for which payments of
16 principal and interest in any fiscal year would require the state to
17 expend more than seven percent of the arithmetic mean of its general
18 state revenues, as defined in section 1(c) of Article VIII of the
19 Washington state Constitution for the three immediately preceding
20 fiscal years as certified by the treasurer in accordance with RCW
21 39.42.070. It shall be the duty of the state finance committee to
22 compute annually the amount required to pay principal of and interest
23 on outstanding debt. In making such computation, the state finance
24 committee shall include all borrowed money represented by bonds, notes,
25 or other evidences of indebtedness which are secured by the full faith
26 and credit of the state or are required to be paid, directly or
27 indirectly, from general state revenues and which are incurred by the
28 state, any department, authority, public corporation or quasi public
29 corporation of the state, any state university or college, or any other
30 public agency created by the state but not by counties, cities, towns,
31 school districts, or other municipal corporations, and shall include
32 debt incurred pursuant to section 3 of Article VIII of the Washington
33 state Constitution, but shall exclude the following:

34 (1) Obligations for the payment of current expenses of state
35 government;

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

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

1 (4) Any indebtedness which has been refunded;

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

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

8 (7) Indebtedness authorized and incurred after July 1, 1993,
9 pursuant to statute that requires that the state treasury be
10 reimbursed, in the amount of the principal of and the interest on such
11 indebtedness, from (a) moneys outside the state treasury, except higher
12 education operating fees, (b) higher education building fees, (c)
13 indirect costs recovered from federal grants and contracts, and (d)
14 fees and charges associated with hospitals operated or managed by
15 institutions of higher education; ((and))

16 (8) Any agreement, promissory note, or other instrument entered
17 into by the state finance committee under RCW 39.42.030 in connection
18 with its acquisition of bond insurance, letters of credit, or other
19 credit support instruments for the purpose of guaranteeing the payment
20 or enhancing the marketability, or both, of any state bonds, notes, or
21 other evidence of indebtedness; and

22 (9) Indebtedness incurred under section 7 of this act.

23 To the extent necessary because of the constitutional or statutory
24 debt limitation, priorities with respect to the issuance or
25 guaranteeing of bonds, notes, or other evidences of indebtedness by the
26 state shall be determined by the state finance committee.

27 **Sec. 10.** RCW 43.99I.020 and 1992 c 235 s 2 are each amended to
28 read as follows:

29 Bonds issued under RCW 43.99I.010 are subject to the following
30 conditions and limitations:

31 General obligation bonds of the state of Washington in the sum of
32 one billion two hundred ((~~eighty-four~~)) seventy-one million sixty-five
33 thousand dollars, or so much thereof as may be required, shall be
34 issued for the purposes described and authorized by the legislature in
35 the capital and operating appropriations acts for the 1991-93 fiscal
36 biennium and subsequent fiscal biennia, and to provide for the
37 administrative cost of such projects, including costs of bond issuance
38 and retirement, salaries and related costs of officials and employees

1 of the state, costs of insurance or credit enhancement agreements, and
2 other expenses incidental to the administration of capital projects.
3 Subject to such changes as may be required in the appropriations acts,
4 the proceeds from the sale of the bonds issued for the purposes of this
5 subsection shall be deposited in the state building construction
6 account created by RCW 43.83.020 and transferred as follows:

7 (1) Eight hundred thirty-five thousand dollars to the state higher
8 education construction account created by RCW 28B.10.851;

9 (2) Eight hundred seventy-one million dollars to the state building
10 construction account created by RCW 43.83.020;

11 ~~(3) ((Fifteen million dollars to the energy efficiency construction
12 account created by RCW 39.35C.100;~~

13 ~~(4) Three))~~ Two million ~~((fifty))~~ eight hundred thousand dollars to
14 the energy efficiency services account created by RCW 39.35C.110;

15 ~~((+5))~~ (4) Two hundred fifty-five million five hundred thousand
16 dollars to the common school reimbursable construction account hereby
17 created in the state treasury;

18 ~~((+6))~~ (5) Ninety-eight million six hundred forty-eight thousand
19 dollars to the higher education reimbursable construction account
20 hereby created in the state treasury;

21 ~~((+7))~~ (6) Three million two hundred eighty-four thousand dollars
22 to the data processing building construction account created in RCW
23 43.99I.100; and

24 ~~((+8))~~ (7) Nine hundred thousand dollars to the Washington state
25 dairy products commission facility account created in RCW 43.99I.110.

26 These proceeds shall be used exclusively for the purposes specified
27 in this subsection, and for the payment of expenses incurred in the
28 issuance and sale of the bonds issued for the purposes of this section,
29 and shall be administered by the office of financial management,
30 subject to legislative appropriation.

31 **Sec. 11.** RCW 43.99I.040 and 1992 c 235 s 3 are each amended to
32 read as follows:

33 (1) ~~((On each date on which any interest or principal and interest
34 payment is due on bonds issued for the purposes of RCW 43.99I.020 (3)
35 and (4), the state treasurer shall transfer from the energy efficiency
36 construction account created in RCW 39.35C.100 to the general fund of
37 the state treasury the amount computed in RCW 43.99I.030 for the bonds
38 issued for the purposes of RCW 43.99I.020 (3) and (4).~~

1 ~~(2)~~) On each date on which any interest or principal and interest
2 payment is due on bonds issued for the purposes of RCW
3 43.99I.020(~~(+5)~~) (4), the state treasurer shall transfer from property
4 taxes in the state general fund levied for this support of the common
5 schools under RCW 84.52.065 to the general fund of the state treasury
6 for unrestricted use the amount computed in RCW 43.99I.030 for the
7 bonds issued for the purposes of RCW 43.99I.020(~~(+5)~~) (4).

8 (~~(+3)~~) (2) On each date on which any interest or principal and
9 interest payment is due on bonds issued for the purposes of RCW
10 43.99I.020(~~(+6)~~) (5), the state treasurer shall transfer from higher
11 education operating fees deposited in the general fund to the general
12 fund of the state treasury for unrestricted use, or if chapter 231,
13 Laws of 1992 (Senate Bill No. 6285) becomes law and changes the
14 disposition of higher education operating fees from the general fund to
15 another account, the state treasurer shall transfer the proportional
16 share from the University of Washington operating fees account, the
17 Washington State University operating fees account, and the Central
18 Washington University operating fees account the amount computed in RCW
19 43.99I.030 for the bonds issued for the purposes of RCW
20 43.99I.020(~~(+7)~~) (6).

21 (~~(+4)~~) (3) On each date on which any interest or principal and
22 interest payment is due on bonds issued for the purposes of RCW
23 43.99I.020(~~(+7)~~) (6), the state treasurer shall transfer from the data
24 processing revolving (~~(account-[fund])~~) fund created in RCW 43.105.080
25 to the general fund of the state treasury the amount computed in RCW
26 43.99I.030 for the bonds issued for the purposes of RCW
27 43.99I.020(~~(+7)~~) (6).

28 (~~(+5)~~) (4) On each date on which any interest or principal and
29 interest payment is due on bonds issued for the purpose of RCW
30 43.99I.020(~~(+8)~~) (7), the Washington state dairy products commission
31 shall cause the amount computed in RCW 43.99I.030 for the bonds issued
32 for the purposes of RCW 43.99I.020(~~(+8)~~) (7) to be paid out of the
33 commission's general operating fund to the state treasurer for deposit
34 into the general fund of the state treasury.

35 (5) The higher education operating fee accounts for the University
36 of Washington, Washington State University, and Central Washington
37 University established by chapter 231, Laws of 1992 and repealed by
38 chapter 18, Laws of 1993 1st sp. sess. are reestablished in the state
39 treasury for purposes of fulfilling debt service reimbursement

1 transfers to the general fund required by bond resolutions and
2 covenants for bonds issued for purposes of RCW 43.99I.020(5).

3 (6) For bonds issued for purposes of RCW 43.99I.020(5), on each
4 date on which any interest or principal and interest payment is due,
5 the board of regents or board of trustees of the University of
6 Washington, Washington State University, or Central Washington
7 University shall cause the amount as determined by the state treasurer
8 to be paid out of the local operating fee account for deposit by the
9 universities into the state treasury higher education operating fee
10 accounts. The state treasurer, bond retirement and interest, shall
11 transfer the proportional share from the University of Washington
12 operating fees account, the Washington State University operating fees
13 account, and the Central Washington University operating fees account
14 the amount computed in RCW 43.99I.030 for the bonds issued for the
15 purposes of RCW 43.99I.020(6) to reimburse the general fund.

16 **Sec. 12.** RCW 43.99I.090 and 1992 c 235 s 5 are each amended to
17 read as follows:

18 The bonds authorized by RCW 43.99I.020(~~(+8)~~) (7) shall be issued
19 only after the director of financial management has (a) certified that,
20 based on the future income from assessments levied pursuant to chapter
21 15.44 RCW and other revenues collected by the Washington state dairy
22 products commission, an adequate balance will be maintained in the
23 commission's general operating fund to pay the interest or principal
24 and interest payments due under RCW 43.99I.040(~~(+4)~~) (3) for the life
25 of the bonds; and (b) approved the facility to be acquired using the
26 bond proceeds.

27 **Sec. 13.** RCW 43.99K.010 and 1995 2nd sp.s. c 17 s 1 are each
28 amended to read as follows:

29 For the purpose of providing funds to finance the projects
30 described and authorized by the legislature in the capital and
31 operating appropriations acts for the 1995-97 fiscal biennium, and all
32 costs incidental thereto, the state finance committee is authorized to
33 issue general obligation bonds of the state of Washington in the sum of
34 ~~((eight hundred eleven million))~~ nine hundred twelve million one
35 hundred thousand dollars, or as much thereof as may be required, to
36 finance these projects and all costs incidental thereto. Bonds
37 authorized in this section may be sold at such price as the state

1 finance committee shall determine. No bonds authorized in this section
2 may be offered for sale without prior legislative appropriation of the
3 net proceeds of the sale of the bonds.

4 **Sec. 14.** RCW 43.99K.020 and 1995 2nd sp.s. c 17 s 2 are each
5 amended to read as follows:

6 The proceeds from the sale of the bonds authorized in RCW
7 43.99K.010 shall be deposited in the state building construction
8 account created by RCW 43.83.020. The proceeds shall be transferred as
9 follows:

10 (1) (~~Seven hundred eighty million~~) Eight hundred twenty-eight
11 million two hundred twenty-six thousand dollars to remain in the state
12 building construction account created by RCW 43.83.020;

13 (2) (~~Twenty million~~) Twenty-two million five hundred thousand
14 dollars to the outdoor recreation account created by RCW 43.99.060;

15 (3) (~~Eighteen million six~~) Twenty-one million one hundred
16 thousand dollars to the habitat conservation account created by RCW
17 43.98A.020;

18 (4) Two million nine hundred twelve thousand dollars to the public
19 safety reimbursable bond account; and

20 (5) Ten million dollars to the higher education construction
21 account created by RCW 28B.14D.040.

22 These proceeds shall be used exclusively for the purposes specified
23 in this section and for the payment of expenses incurred in the
24 issuance and sale of the bonds issued for the purposes of this section,
25 and shall be administered by the office of financial management subject
26 to legislative appropriation.

27 NEW SECTION. **Sec. 15.** RCW 43.99I.050 and 1991 sp.s. c 31 s 5 are
28 each repealed.

29 NEW SECTION. **Sec. 16.** (1) Sections 1 through 5 of this act
30 constitute a new chapter in Title 43 RCW.

31 (2) Sections 7 and 8 of this act constitute a new chapter in Title
32 43 RCW.

33 NEW SECTION. **Sec. 17.** If any provision of this act or its
34 application to any person or circumstance is held invalid, the

1 remainder of the act or the application of the provision to other
2 persons or circumstances is not affected.

3 NEW SECTION. **Sec. 18.** Sections 10 through 15 of this act are
4 necessary for the immediate preservation of the public peace, health,
5 or safety, or support of the state government and its existing public
6 institutions, and takes effect immediately.

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