
SUBSTITUTE SENATE BILL 5695

State of Washington

62nd Legislature

2011 Regular Session

By Senate Government Operations, Tribal Relations & Elections
(originally sponsored by Senators Fraser, Swecker, and Kilmer)

READ FIRST TIME 02/21/11.

1 AN ACT Relating to the authorization of bonds issued by Washington
2 local governments; amending RCW 39.46.040, 35.33.131, 35.34.220,
3 35A.33.130, and 35A.34.220; and creating a new section.

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

5 **Sec. 1.** RCW 39.46.040 and 1983 c 167 s 4 are each amended to read
6 as follows:

7 (1) A local government authorized to issue bonds (~~shall~~) must
8 determine for the bond issue its amount, date or dates, terms not in
9 excess of the maximum term otherwise provided in law, conditions, bond
10 denominations, interest rate or rates, which may be fixed or variable,
11 interest payment dates, maturity or maturities, redemption rights,
12 registration privileges, manner of execution, price, manner of sale,
13 covenants, and form, including registration as to principal and
14 interest, registration as to principal only, or bearer. Registration
15 may be as provided in RCW 39.46.030.

16 (2) If an ordinance or resolution approving the issuance of bonds
17 authorizes an officer or employee of the local government to serve as
18 its designated representative and to accept, on behalf of the local
19 government, an offer to purchase those bonds, the acceptance of the

1 offer by the designated representative must be consistent with terms
2 established by the ordinance or resolution, and with additional
3 parameters set by the governing body of the local government in the
4 ordinance or resolution. That ordinance or resolution must establish
5 the following terms for the bonds or set forth parameters with respect
6 thereto: The amount, date or dates, denominations, interest rate or
7 rates (or mechanism for determining interest rate or rates), payment
8 dates, final maturity, redemption rights, price, minimum savings for
9 refunding bonds (if the refunding bonds are issued for savings
10 purposes), and any other terms and conditions deemed appropriate by the
11 legislative body of the local government. A county designating a
12 representative in accordance with this subsection must act consistent
13 with the approved county debt policy as specified in RCW 36.48.070.

14 **Sec. 2.** RCW 35.33.131 and 1969 ex.s. c 95 s 19 are each amended to
15 read as follows:

16 Moneys received from the sale of bonds or warrants (~~shall~~) must
17 be used for no other purpose than that for which they were issued (~~and~~
18 ~~no expenditure shall be made for that purpose until the bonds have been~~
19 ~~duly authorized~~). If any unexpended fund balance remains from the
20 proceeds realized from the bonds or warrants after the accomplishment
21 of the purpose for which they were issued it (~~shall~~) must be used for
22 the (~~redemption of such bond or warrant indebtedness~~) payment of
23 principal of or interest on such indebtedness consistent with
24 applicable provisions of federal tax law. Where a budget contains an
25 expenditure program to be partially or wholly financed from a bond
26 issue to be authorized thereafter, (~~no such expenditure shall~~)
27 expenditures of amounts anticipated to be reimbursed from the proceeds
28 of the issuance and sale of such bonds must be made or incurred (~~until~~
29 ~~after the bonds have been duly authorized~~) consistent with any
30 applicable federal tax law requirements.

31 **Sec. 3.** RCW 35.34.220 and 1985 c 175 s 25 are each amended to read
32 as follows:

33 Moneys received from the sale of bonds or warrants (~~shall~~) must
34 be used for no other purpose than that for which they were issued (~~and~~
35 ~~no expenditure shall be made for that purpose until the bonds have been~~
36 ~~duly authorized~~). If any unexpended fund balance remains from the

1 proceeds realized from the bonds or warrants after the accomplishment
2 of the purpose for which they were issued, it (~~shall~~) must be used
3 for the (~~redemption of such bond or warrant indebtedness~~) payment of
4 principal of or interest on such indebtedness consistent with
5 applicable provisions of federal tax law. Where a budget contains an
6 expenditure program to be partially or wholly financed from a bond
7 issue to be authorized thereafter, (~~no such expenditure shall~~)
8 expenditures of amounts anticipated to be reimbursed from the proceeds
9 of the issuance and sale of such bonds must be made or incurred (~~until~~
10 ~~after the bonds have been duly authorized~~) consistent with any
11 applicable federal tax law requirements.

12 **Sec. 4.** RCW 35A.33.130 and 1967 ex.s. c 119 s 35A.33.130 are each
13 amended to read as follows:

14 Moneys received from the sale of bonds or warrants (~~shall~~) must
15 be used for no other purpose than that for which they were issued (~~and~~
16 ~~no expenditure shall be made for that purpose until the bonds have been~~
17 ~~duly authorized~~). If any unexpended fund balance remains from the
18 proceeds realized from the bonds or warrants after the accomplishment
19 of the purpose for which they were issued it (~~shall~~) must be used for
20 the (~~redemption of such bond or warrant indebtedness~~) payment of
21 principal of or interest on such indebtedness consistent with
22 applicable provisions of federal tax law. Where a budget contains an
23 expenditure program to be partially or wholly financed from a bond
24 issue to be authorized thereafter, (~~no such expenditure shall~~)
25 expenditures of amounts anticipated to be reimbursed from the proceeds
26 of the issuance and sale of such bonds must be made or incurred (~~until~~
27 ~~after the bonds have been duly authorized~~) consistent with any
28 applicable federal tax law requirements.

29 **Sec. 5.** RCW 35A.34.220 and 1985 c 175 s 54 are each amended to
30 read as follows:

31 Moneys received from the sale of bonds or warrants (~~shall~~) must
32 be used for no other purpose than that for which they were issued (~~and~~
33 ~~no expenditure shall be made for that purpose until the bonds have been~~
34 ~~duly authorized~~). If any unexpended fund balance remains from the
35 proceeds realized from the bonds or warrants after the accomplishment
36 of the purpose for which they were issued, it (~~shall~~) must be used

1 for the (~~redemption of such bond or warrant indebtedness~~) payment of
2 principal of or interest on such indebtedness consistent with
3 applicable provisions of federal tax law. Where a budget contains an
4 expenditure program to be partially or wholly financed from a bond
5 issue to be authorized thereafter, (~~no such expenditure shall~~)
6 expenditures of amounts anticipated to be reimbursed from the proceeds
7 of the issuance and sale of such bonds must be made or incurred (~~until~~
8 ~~after the bonds have been duly authorized~~) consistent with any
9 applicable federal tax law requirements.

10 NEW SECTION. **Sec. 6.** All bonds previously issued and any
11 reimbursements previously made with bond proceeds by any local
12 government and consistent with the provisions of this act are hereby
13 validated, ratified, and confirmed.

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