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SENATE BILL 5695

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State of Washington

62nd Legislature

2011 Regular Session

By Senators Fraser, Swecker, and Kilmer

Read first time 02/07/11. Referred to Committee on Government Operations, Tribal Relations & Elections.

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. For a noncharter county, the  
12 designated representative must be the county treasurer.

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

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

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

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

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

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

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

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

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

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

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

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