

ESB 5624 - S AMD 526

By Senators Keiser, Honeyford

ADOPTED 02/10/2016

1 Strike everything after the enacting clause and insert the
2 following:

3 **"PART 1**

4 **FINDINGS AND INTENT**

5 NEW SECTION. **Sec. 101.** The legislature finds that local
6 governments that borrow small amounts or access capital markets
7 infrequently can have difficulty accessing low-cost financing for
8 their essential public infrastructure projects. Competition has
9 increased between prior efforts to finance essential public
10 infrastructure projects with state tax resources and other growing
11 essential demands on those same state taxes. This competition has
12 eroded the reliability of state tax funded public infrastructure
13 financing programs that in turn has created uncertainty and delay in
14 improving local public infrastructure. The state's excellent credit
15 standing and frequency of access to capital markets allows the state
16 to issue bonds at a significantly lower total cost than can be
17 obtained by many local governments. Therefore, the legislature
18 intends to improve access and reliability to low-cost financing for
19 local government infrastructure projects by authorizing public works
20 bonds when local governments can demonstrate: (1) The importance of
21 the project; (2) their difficulties accessing existing private credit
22 markets for borrowings at reasonable interest rates; and (3) the
23 ability to reliably repay their share of the state's total cost of
24 retiring the public works bonds.

25 **PART 2**

26 **CHANGES TO THE EXISTING PUBLIC WORKS PROGRAM**

27 **Sec. 201.** RCW 43.155.020 and 2009 c 565 s 33 are each amended to
28 read as follows:

1 (~~Unless the context clearly requires otherwise,~~) The
2 definitions in this section (~~shall~~) apply throughout this chapter
3 unless the context clearly requires otherwise.

4 (1) "Board" means the public works board created in RCW
5 43.155.030.

6 (2) "Capital facility plan" means a capital facility plan
7 required by the growth management act under chapter 36.70A RCW or,
8 for local governments not fully planning under the growth management
9 act, a plan required by the public works board.

10 (3) "Department" means the department of commerce.

11 (4) (~~"Financing guarantees" means the pledge of money in the~~
12 ~~public works assistance account, or money to be received by the~~
13 ~~public works assistance account, to the repayment of all or a portion~~
14 ~~of the principal of or interest on obligations issued by local~~
15 ~~governments to finance public works projects.~~

16 ~~(5))~~ "Local governments" means cities, towns, counties, special
17 purpose districts, and any other municipal corporations or quasi-
18 municipal corporations in the state excluding school districts and
19 port districts.

20 ~~((6))~~ (5) "Public works financing assistance program" is the
21 program established in sections 301 through 305 of this act.

22 (6) "Public works financing loans" are loans made with bond
23 proceeds of bonds issued by the state and repaid from loan repayments
24 under provisions of the public works financing assistance program.

25 (7) "Public works project" means a project of a local government
26 for the planning, acquisition, construction, repair, reconstruction,
27 replacement, rehabilitation, or improvement of streets and roads,
28 bridges, water systems, or storm and sanitary sewage systems and
29 solid waste facilities, including recycling facilities. A planning
30 project may include the compilation of biological, hydrological, or
31 other data on a county, drainage basin, or region necessary to
32 develop a base of information for a capital facility plan.

33 ~~((7))~~ (8) "Solid waste or recycling project" means remedial
34 actions necessary to bring abandoned or closed landfills into
35 compliance with regulatory requirements and the repair, restoration,
36 and replacement of existing solid waste transfer, recycling
37 facilities, and landfill projects limited to the opening of landfill
38 cells that are in existing and permitted landfills.

39 ~~((8))~~ (9) "Technical assistance" means training and other
40 services provided to local governments to: (a) Help such local

1 governments plan, apply, and qualify for loans and financing
2 guarantees from the board, and (b) help local governments improve
3 their ability to plan for, finance, acquire, construct, repair,
4 replace, rehabilitate, and maintain public facilities.

5 **Sec. 202.** RCW 43.155.040 and 1985 c 446 s 10 are each amended to
6 read as follows:

7 The board may:

8 (1) Accept from any state or federal agency, loans or grants for
9 the planning or financing of any public works project and enter into
10 agreements with any such agency concerning the loans or grants;

11 (2) Provide technical assistance to local governments;

12 (3) Accept any gifts, grants, or loans of funds, property, or
13 financial or other aid in any form from any other source on any terms
14 and conditions which are not in conflict with this chapter;

15 (4) Adopt rules under chapter 34.05 RCW as necessary to carry out
16 the purposes of this chapter;

17 (5) Do all acts and things necessary or convenient to carry out
18 the powers expressly granted or implied under this chapter;

19 (6) Implement the public works financing assistance program.

20 **Sec. 203.** RCW 43.155.050 and 2015 3rd sp.s. c 4 s 959 and 2015
21 3rd sp.s. c 3 s 7032 are each reenacted and amended to read as
22 follows:

23 The public works assistance account is ~~((hereby))~~ established in
24 the state treasury. ~~((Money may be placed in the public works
25 assistance account from the proceeds of bonds when authorized by the
26 legislature or from any other lawful source.))~~ Money in the public
27 works assistance account shall be used to make loans ~~((and to give
28 financial guarantees))~~ to local governments for public works
29 projects. Moneys in the account may also be appropriated or
30 transferred to the water pollution control revolving account and the
31 drinking water assistance account to provide for state match
32 requirements under federal law ~~((for projects and activities
33 conducted and financed by the board under the drinking water
34 assistance account. Not more than fifteen percent of the biennial
35 capital budget appropriation to the public works board from this
36 account may be expended or obligated)).~~ Money in the account may also
37 be appropriated for the administration of the public works financing
38 assistance program. Money in the account may also be appropriated for

1 preconstruction loans(~~(7)~~) and emergency loans(~~(, or loans for~~
2 ~~capital facility planning under this chapter; of this amount, not~~
3 ~~more than ten percent of the biennial capital budget appropriation~~
4 ~~may be expended for emergency loans and not more than one percent of~~
5 ~~the biennial capital budget appropriation may be expended for capital~~
6 ~~facility planning loans. During the 2015-2017 fiscal biennium, the~~
7 ~~legislature may transfer from the public works assistance account to~~
8 ~~the general fund, the water pollution control revolving account, and~~
9 ~~the drinking water assistance account such amounts as reflect the~~
10 ~~excess fund balance of the account. During the 2013-2015 fiscal~~
11 ~~biennium, the legislature may transfer from the public works~~
12 ~~assistance account to the education legacy trust account such amounts~~
13 ~~as specified by the legislature)). During the 2015-2017 fiscal~~
14 ~~biennium, the legislature may appropriate moneys from the account for~~
15 ~~activities related to the growth management act and the voluntary~~
16 ~~stewardship program. During the 2015-2017 fiscal biennium, the~~
17 ~~legislature may transfer from the public works assistance account to~~
18 ~~the state general fund such amounts as specified by the legislature.~~
19 In the 2017-2019 fiscal biennium the legislature intends to allocate
20 seventy-three million dollars of future loan repayments paid into the
21 public works assistance account to support basic education.

22 **Sec. 204.** RCW 43.155.060 and 1988 c 93 s 2 are each amended to
23 read as follows:

24 (1) In order to aid the financing of public works projects, the
25 board may:

26 ~~((1))~~ (a) Make low-interest or interest-free loans to local
27 governments from the public works assistance account (~~or other funds~~
28 ~~and accounts)) for the purpose of assisting local governments in~~
29 ~~financing public works projects. The board may require such terms and~~
30 ~~conditions and may charge such rates of interest on its loans as it~~
31 ~~deems necessary or convenient to carry out the purposes of this~~
32 ~~(chapter))~~ section. Money received from local governments in
33 repayment of loans made under this section shall be paid into the
34 public works assistance account for uses consistent with this
35 chapter.

36 ~~((2) Pledge money in the public works assistance account, or~~
37 ~~money to be received by the public works assistance account, to the~~
38 ~~repayment of all or a portion of the principal of or interest on~~
39 ~~obligations issued by local governments to finance public works~~

1 ~~projects. The board shall not pledge any amount greater than the sum~~
2 ~~of money in the public works assistance account plus money to be~~
3 ~~received from the payment of the debt service on loans made from that~~
4 ~~account, nor shall the board pledge the faith and credit or the~~
5 ~~taxing power of the state or any agency or subdivision thereof to the~~
6 ~~repayment of obligations issued by any local government.~~

7 ~~(3))~~ (b) Create such subaccounts in the public works assistance
8 account as the board deems necessary to carry out the purposes of
9 this chapter.

10 ~~((4))~~ (c) Provide a method for the allocation of loans ~~((and~~
11 ~~financing guarantees))~~ and the provision of technical assistance
12 under this chapter.

13 (2) All local public works projects aided in whole or in part
14 under the provisions of this chapter shall be put out for competitive
15 bids, except for emergency public works under RCW 43.155.065 for
16 which the recipient jurisdiction shall comply with this requirement
17 to the extent feasible and practicable. The competitive bids called
18 for shall be administered in the same manner as all other public
19 works projects put out for competitive bidding by the local
20 governmental entity aided under this chapter.

21 **Sec. 205.** RCW 43.155.065 and 2001 c 131 s 3 are each amended to
22 read as follows:

23 The board may make low-interest or interest-free loans to local
24 governments for emergency public works projects from the public works
25 assistance account. Emergency public works projects shall include the
26 construction, repair, reconstruction, replacement, rehabilitation, or
27 improvement of a public water system that is in violation of health
28 and safety standards and is being operated by a local government on a
29 temporary basis. The loans may be used to help fund all or part of an
30 emergency public works project less any reimbursement from any of the
31 following sources: (1) Federal disaster or emergency funds, including
32 funds from the federal emergency management agency; (2) state
33 disaster or emergency funds; (3) insurance settlements; or (4)
34 litigation.

35 **Sec. 206.** RCW 43.155.068 and 2001 c 131 s 4 are each amended to
36 read as follows:

37 (1) The board may make low-interest or interest-free loans to
38 local governments from the public works assistance account for

1 preconstruction activities on public works projects before the
2 legislature approves the construction phase of the project.
3 Preconstruction activities include design, engineering, bid-document
4 preparation, environmental studies, right-of-way acquisition, and
5 other preliminary phases of public works projects as determined by
6 the board. The purpose of the loans authorized in this section is to
7 accelerate the completion of public works projects by allowing
8 preconstruction activities to be performed before the approval of the
9 construction phase of the project by the legislature.

10 (2) Projects receiving loans for preconstruction activities under
11 this section must be evaluated using the priority process and factors
12 in RCW 43.155.070(~~((2+))~~) (4). The receipt of a loan for
13 preconstruction activities does not ensure the receipt of a
14 construction loan for the project under this chapter. Construction
15 loans for projects receiving a loan for preconstruction activities
16 under this section are subject to legislative approval under RCW
17 43.155.070 (~~((4) and (5))~~) (7) and (8). The board shall adopt a
18 single application process for local governments seeking both a loan
19 for preconstruction activities under this section and a construction
20 loan for the project from the public works assistance account.

21 **Sec. 207.** RCW 43.155.070 and 2015 3rd sp.s. c 3 s 7033 are each
22 amended to read as follows:

23 (1) To qualify for financial assistance from the public works
24 assistance account under this chapter the board must determine that a
25 local government meets all of the following conditions:

26 (a) The city or county must be imposing a tax under chapter 82.46
27 RCW at a rate of at least one-quarter of one percent;

28 (b) The local government must have developed a capital facility
29 plan; and

30 (c) The local government must be using all local revenue sources
31 which are reasonably available for funding public works, taking into
32 consideration local employment and economic factors.

33 (2) Except where necessary to address a public health need or
34 substantial environmental degradation, a county, city, or town
35 planning under RCW 36.70A.040 may not receive financial assistance
36 from the public works assistance account under this chapter unless it
37 has adopted a comprehensive plan, including a capital facilities plan
38 element, and development regulations as required by RCW 36.70A.040.
39 This subsection does not require any county, city, or town planning

1 under RCW 36.70A.040 to adopt a comprehensive plan or development
2 regulations before requesting or receiving financial assistance under
3 this chapter if such request is made before the expiration of the
4 time periods specified in RCW 36.70A.040. A county, city, or town
5 planning under RCW 36.70A.040 that has not adopted a comprehensive
6 plan and development regulations within the time periods specified in
7 RCW 36.70A.040 may apply for and receive financial assistance under
8 this chapter if the comprehensive plan and development regulations
9 are adopted as required by RCW 36.70A.040 before executing a
10 contractual agreement for financial assistance with the board.

11 (3) In considering awarding financial assistance from the public
12 works assistance account for public facilities to special districts
13 requesting funding for a proposed facility located in a county, city,
14 or town planning under RCW 36.70A.040, the board must consider
15 whether the county, city, or town planning under RCW 36.70A.040 in
16 whose planning jurisdiction the proposed facility is located has
17 adopted a comprehensive plan and development regulations as required
18 by RCW 36.70A.040.

19 (4) The board must develop a priority process for public works
20 projects financed from the public works assistance account as
21 provided in this section. The intent of the priority process is to
22 maximize the value of public works projects accomplished with
23 assistance under this chapter. The board must attempt to (~~assure~~)
24 ensure a geographical balance in assigning priorities to projects.
25 The board must consider at least the following factors in assigning a
26 priority to a project:

27 (a) Whether the local government receiving assistance has
28 experienced severe fiscal distress resulting from natural disaster or
29 emergency public works needs;

30 (b) Except as otherwise conditioned by RCW 43.155.110, whether
31 the entity receiving assistance is a Puget Sound partner, as defined
32 in RCW 90.71.010;

33 (c) Whether the project is referenced in the action agenda
34 developed by the Puget Sound partnership under RCW 90.71.310;

35 (d) Whether the project is critical in nature and would affect
36 the health and safety of a great number of citizens;

37 (e) Whether the applicant's permitting process has been certified
38 as streamlined by the office of regulatory assistance;

1 (f) Whether the applicant has developed and adhered to guidelines
2 regarding its permitting process for those applying for development
3 permits consistent with section 1(2), chapter 231, Laws of 2007;

4 (g) The cost of the project compared to the size of the local
5 government and amount of loan money available;

6 (h) The number of communities served by or funding the project;

7 (i) Whether the project is located in an area of high
8 unemployment, compared to the average state unemployment;

9 (j) Whether the project is the acquisition, expansion,
10 improvement, or renovation by a local government of a public water
11 system that is in violation of health and safety standards, including
12 the cost of extending existing service to such a system;

13 (k) Except as otherwise conditioned by RCW 43.155.120, and
14 effective one calendar year following the development of model
15 evergreen community management plans and ordinances under RCW
16 35.105.050, whether the entity receiving assistance has been
17 recognized, and what gradation of recognition was received, in the
18 evergreen community recognition program created in RCW 35.105.030;

19 (l) The relative benefit of the project to the community,
20 considering the present level of economic activity in the community
21 and the existing local capacity to increase local economic activity
22 in communities that have low economic growth; and

23 (m) Other criteria that the board considers advisable.

24 (5) For the 2015-2017 fiscal biennium, in place of the criteria,
25 ranking, and submission processes for construction loan lists
26 provided in subsections (4) and (7) of this section:

27 (a) The board must develop a process for numerically ranking
28 applications for construction loans submitted by local governments.
29 The board must consider, at a minimum and in any order, the following
30 factors in assigning a numerical ranking to a project:

31 (i) Whether the project is critical in nature and would affect
32 the health and safety of many people;

33 (ii) The extent to which the project leverages nonstate funds;

34 (iii) The extent to which the project is ready to proceed to
35 construction;

36 (iv) Whether the project is located in an area of high
37 unemployment, compared to the average state unemployment;

38 (v) Whether the project promotes the sustainable use of resources
39 and environmental quality;

40 (vi) Whether the project consolidates or regionalizes systems;

1 (vii) Whether the project encourages economic development through
2 mixed-use and mixed income development consistent with chapter 36.70A
3 RCW;

4 (viii) Whether the system is being well-managed in the present
5 and for long-term sustainability;

6 (ix) Achieving equitable distribution of funds by geography and
7 population;

8 (x) The extent to which the project meets the following state
9 policy objectives:

10 (A) Efficient use of state resources;

11 (B) Preservation and enhancement of health and safety;

12 (C) Abatement of pollution and protection of the environment;

13 (D) Creation of new, family-wage jobs, and avoidance of shifting
14 existing jobs from one Washington state community to another;

15 (E) Fostering economic development consistent with chapter 36.70A
16 RCW;

17 (F) Efficiency in delivery of goods and services, public transit,
18 and transportation;

19 (G) Avoidance of additional costs to state and local governments
20 that adversely impact local residents and small businesses; and

21 (H) Reduction of the overall cost of public infrastructure; and

22 (xi) Other criteria that the board considers necessary to achieve
23 the purposes of this chapter.

24 (b) Before November 1, 2016, the board must develop and submit to
25 the appropriate fiscal committees of the senate and house of
26 representatives a ranked list of qualified public works projects
27 which have been evaluated by the board and are recommended for
28 funding by the legislature. The maximum amount of funding that the
29 board may recommend for any jurisdiction is ten million dollars per
30 biennium. For each project on the ranked list, as well as for
31 eligible projects not recommended for funding, the board must
32 document the numerical ranking that was assigned.

33 (6) Existing debt or financial obligations of local governments
34 may not be refinanced under this chapter. Each local government
35 applicant must provide documentation of attempts to secure additional
36 local or other sources of funding for each public works project for
37 which financial assistance is sought under this chapter.

38 (7) Before November 1st of each even-numbered year, the board
39 must develop and submit to the appropriate fiscal committees of the
40 senate and house of representatives a description of the loans made

1 under RCW 43.155.065, 43.155.068, and subsection (10) of this section
2 during the preceding fiscal year and a prioritized list of projects
3 which are recommended for funding by the legislature, including one
4 copy to the staff of each of the committees. The list must include,
5 but not be limited to, a description of each project and recommended
6 financing, the terms and conditions of the loan or financial
7 guarantee, the local government jurisdiction and unemployment rate,
8 demonstration of the jurisdiction's critical need for the project and
9 documentation of local funds being used to finance the public works
10 project. The list must also include measures of fiscal capacity for
11 each jurisdiction recommended for financial assistance, compared to
12 authorized limits and state averages, including local government
13 sales taxes; real estate excise taxes; property taxes; and charges
14 for or taxes on sewerage, water, garbage, and other utilities.

15 (8) The board may not sign contracts or otherwise financially
16 obligate funds from the public works assistance account before the
17 legislature has appropriated funds for a specific list of public
18 works projects. The legislature may remove projects from the list
19 recommended by the board. The legislature may not change the order of
20 the priorities recommended for funding by the board.

21 (9) Subsection (8) of this section does not apply to loans made
22 under RCW 43.155.065, 43.155.068, and subsection (10) of this
23 section.

24 (10) Loans made for the purpose of capital facilities plans are
25 exempted from subsection (8) of this section.

26 (11) To qualify for loans (~~or pledges~~) from the public works
27 assistance account for solid waste or recycling facilities under this
28 chapter, a city or county must demonstrate that the solid waste or
29 recycling facility is consistent with and necessary to implement the
30 comprehensive solid waste management plan adopted by the city or
31 county under chapter 70.95 RCW.

32 (12) After January 1, 2010, any project designed to address the
33 effects of storm water or wastewater on Puget Sound may be funded
34 from the public works assistance account under this section only if
35 the project is not in conflict with the action agenda developed by
36 the Puget Sound partnership under RCW 90.71.310.

37 (13) During the 2015-2017 fiscal biennium, for projects funded
38 from the public works assistance account involving repair,
39 replacement, or improvement of a wastewater treatment plant or other
40 public works facility for which an investment grade efficiency audit

1 is obtainable, the public works board must require as a contract
2 condition that the project sponsor undertake an investment grade
3 efficiency audit. The project sponsor may finance the costs of the
4 audit as part of its public works assistance account program loan.

5 (14)((a)) For public works assistance account application
6 rounds conducted during the 2015-2017 fiscal biennium, the board must
7 implement policies and procedures designed to maximize local
8 government use of federal funds to finance local infrastructure
9 including, but not limited to, drinking water and clean water state
10 revolving funds operated by the state departments of health and
11 ecology. Projects that are eligible for the drinking water and clean
12 water state revolving funds may receive public works board
13 preconstruction loans. Projects that are eligible for the drinking
14 water and clean water state revolving funds are not eligible for
15 public works board construction loans. For purposes of this
16 subsection "eligible for drinking water and clean water state
17 revolving funds" means:

18 ((i)) (a) Projects that have applied to the state revolving
19 funds and are awaiting a funding decision;

20 ((ii)) (b) Projects that have been rejected for funding solely
21 due to not meeting readiness requirements; and

22 ((iii)) (c) Projects that have not applied, but would likely be
23 eligible if the project applied and met the project readiness
24 requirements.

25 ~~((b) For all construction loan projects proposed to the
26 legislature for funding during the 2015-2017 fiscal biennium, the
27 board must base interest rates on the average daily market interest
28 rate for tax-exempt municipal bonds as published in the bond buyer's
29 index for the period from sixty to thirty days before the start of
30 the application cycle. For projects with a repayment period between
31 five and twenty years, the rate must be sixty percent of the market
32 rate. For projects with a repayment period under five years, the rate
33 must be thirty percent of the market rate. The board must also
34 provide reduced interest rates, extended repayment periods, or
35 forgivable principal loans for projects that meet financial hardship
36 criteria as measured by the affordability index or similar standard
37 measure of financial hardship.))~~

38 **Sec. 208.** RCW 43.155.075 and 2001 c 227 s 10 are each amended to
39 read as follows:

1 In providing loans for public works projects from the public
2 works assistance account, the board shall require recipients to
3 incorporate the environmental benefits of the project into their
4 applications, and the board shall utilize the statement of
5 environmental benefits in its prioritization and selection process.
6 The board shall also develop appropriate outcome-focused performance
7 measures to be used both for management and performance assessment of
8 the loan program. To the extent possible, the department should
9 coordinate its performance measure system with other natural
10 resource-related agencies as defined in RCW 43.41.270. The board
11 shall consult with affected interest groups in implementing this
12 section.

13 **Sec. 209.** RCW 43.155.120 and 2008 c 299 s 30 are each amended to
14 read as follows:

15 When administering funds from the public works assistance account
16 under this chapter, the board shall give preference only to an
17 evergreen community recognized under RCW 35.105.030 in comparison to
18 other entities that are eligible to receive evergreen community
19 designation. Entities not eligible for designation as an evergreen
20 community shall not be given less preferential treatment than an
21 evergreen community.

22 PART 3

23 PUBLIC WORKS FINANCING ASSISTANCE PROGRAM

24 NEW SECTION. **Sec. 301.** A new section is added to chapter 43.155
25 RCW to read as follows:

26 (1) A public infrastructure project eligible for the public works
27 financing assistance program is a capital project by an eligible
28 local government, as identified in subsection (2) of this section,
29 that is necessary to:

30 (a) Provide safe and adequate drinking water;

31 (b) Collect, manage, and treat wastewater and storm water;

32 (c) Provide safe and efficient transportation, including public
33 parking facilities, public transit facilities, and nonmotorized
34 transportation;

35 (d) Provide or renovate facilities for safe and readily
36 accessible recreation;

1 (e) Provide flood control and floodplain management facilities
2 and improvements;

3 (f) Provide water supply improvements and water basin management
4 enhancements, including culvert replacement projects to improve fish
5 passage;

6 (g) Provide or renovate county or city criminal justice
7 facilities;

8 (h) Provide or renovate fire protection or emergency medical
9 response services facilities; or

10 (i) Provide or renovate public library facilities.

11 (2) In order to be eligible for the public works financing
12 assistance program a local government must:

13 (a) Demonstrate difficulties accessing existing private credit
14 markets for borrowings at reasonable interest rates. The public works
15 board must determine compliance with this requirement under guidance
16 and advice by the state treasurer's office;

17 (b) Demonstrate the ability to reliably pay all periodic
18 financing costs to retire the loan or loans provided under the public
19 works financing assistance program. The public works board must
20 determine compliance with this requirement under guidance and advice
21 by the state treasurer's office; and

22 (c) Demonstrate that bond proceeds loaned to the local government
23 would be expended for capital expenditures on a public works project
24 eligible to be financed with the proceeds of tax-exempt bonds under
25 the internal revenue code. The public works board must determine
26 compliance with this requirement under guidance and advice by the
27 state treasurer's office.

28 (3) The board must prioritize applications for assistance under
29 the public works financing assistance program to achieve the greatest
30 community benefit in jurisdictions that would most benefit from this
31 assistance as measured by the difference in the total cost of
32 financing under this program compared to financing cost from private
33 capital markets. The board must adopt criteria for prioritizing
34 applications and submit the scoring under those criteria in the
35 annual report required in section 302 of this act.

36 NEW SECTION. **Sec. 302.** A new section is added to chapter 43.155
37 RCW to read as follows:

38 (1) The board must not sign contracts or otherwise financially
39 obligate funds from the public works financing assistance account

1 created in section 303 of this act unless the legislature has
2 authorized the necessary bonds and appropriated sufficient amounts
3 from the account for the approved projects.

4 (2) The board must execute contracts for project loans with local
5 governments under the public works financing program to ensure that:

6 (a) Disbursements against authorized loans are in predictable
7 amounts as required to meet project expenditures without resulting in
8 prolonged and excessive project fund balances;

9 (b) Repayments by local governments are sufficient and timely to
10 cover the state's repayment obligations of public works financing
11 bond issued on behalf of the project; and

12 (c) All other requirements are met, including compliance with
13 state laws regarding the issuance and limits on local government
14 debt.

15 (3) By July 1st of each year, the board must submit a report to
16 the state treasurer, the office of financial management, and the
17 fiscal committees of the legislature. The report must include:

18 (a) The list of projects approved in the preceding fiscal year
19 with the project scores against the board's prioritization criteria;

20 (b) The total amount of loan disbursements made from the public
21 works financing assistance bond repayment account, created in section
22 304 of this act, in the preceding fiscal year;

23 (c) The total amount of loan repayments in the preceding fiscal
24 year for outstanding loans made from the public works financing
25 assistance account;

26 (d) The total amount of loan repayments due from local
27 governments for outstanding loans by fiscal year over the following
28 ten-year period; and

29 (e) Any further information required by the state treasurer's
30 office necessary to meet internal revenue service requirements for
31 tax compliance, or for determining whether projected revenues are
32 sufficient to meet projected debt service obligations.

33 NEW SECTION. **Sec. 303.** A new section is added to chapter 43.155
34 RCW to read as follows:

35 The public works financing assistance account is created in the
36 state treasury. All bond proceeds issued to support public works
37 financing assistance projects must be deposited in the account.
38 Moneys in the account may be spent only after appropriation.

1 Expenditures from the account may be used only for the public works
2 financing assistance program.

3 NEW SECTION. **Sec. 304.** A new section is added to chapter 43.155
4 RCW to read as follows:

5 The public works financing assistance bond repayment account is
6 created in the custody of the state treasury. All repayments for
7 public works financing loans from local governments must be deposited
8 in the account. Expenditures from the account must only be made for
9 payment of principal and interest to retire bonds issued pursuant to
10 this section. The account is subject to the allotment procedures
11 under chapter 43.88 RCW, but an appropriation is not required for
12 expenditures.

13 NEW SECTION. **Sec. 305.** A new section is added to chapter 43.155
14 RCW to read as follows:

15 (1) To ensure that sufficient revenues are collected to meet debt
16 service requirements on bonds issued in accordance with this chapter:

17 (a) The board:

18 (i) May charge an additional amount on public works financing
19 loans to local governments to create a reserve to meet potential
20 shortfalls; or

21 (ii) Must take other actions as are necessary to ensure that
22 sufficient revenues are collected to meet debt service obligations on
23 bonds issued to support a public works financing loan.

24 (2) If the board is unable to collect sufficient revenues to meet
25 debt service obligations on bonds issued to support public works
26 financing loans, the legislature must take any action legally
27 authorized to raise such revenue from loan repayments to meet this
28 obligation, including, but not limited to, collect loan repayments
29 directly from distributions to local governments in the event of
30 nonpayment, or any other method deemed appropriate to ensure that
31 adequate revenues are received to meet debt service obligations.

32 (3) If there is insufficient revenue to meet projected debt
33 service obligations, as determined by the office of the state
34 treasurer, the state finance committee may not approve the issuance
35 or sale of bonds for this purpose until such time as the projected
36 amount of revenue is at least equal to the projected amount of debt
37 service then owed on bonds issued to support public works financing
38 loans.

1 **PART 4**

2 **MISCELLANEOUS PROVISIONS**

3 NEW SECTION. **Sec. 401.** This act takes effect January 1, 2017,
4 if the proposed amendment to Article VIII, section 1 of the state
5 Constitution, contained in Second Engrossed Senate Joint Resolution
6 No. 8204, is validly submitted to and is approved and ratified by
7 voters at the next general election. If the proposed amendment is not
8 approved and ratified, this act is void in its entirety."

ESB 5624 - S AMD 526

By Senators Keiser, Honeyford

ADOPTED 02/10/2016

9 On page 1, beginning on line 1 of the title, after
10 "infrastructure;" strike the remainder of the title and insert
11 "amending RCW 43.155.020, 43.155.040, 43.155.060, 43.155.065,
12 43.155.068, 43.155.070, 43.155.075, and 43.155.120; reenacting and
13 amending RCW 43.155.050; adding new sections to chapter 43.155 RCW;
14 creating a new section; and providing a contingent effective date."

--- END ---