

SENATE BILL REPORT

SB 5502

AS OF FEBRUARY 15, 1991

Brief Description: Requiring challenges to elections that concern bonds or levies to be commenced within thirty days of the election.

SPONSORS: Senators Sellar, McMullen, Wojahn, Conner, Madsen and Newhouse.

SENATE COMMITTEE ON LAW & JUSTICE

Staff: Susan Carlson (786-7418)

Hearing Dates: February 18, 1991

BACKGROUND:

An action to void an election, including a bond or levy election, must be commenced within one year of the date of the election.

The 1986 Tax Act permits a municipal corporation issuing less than \$5,000,000 of obligations in a given year to retain any earnings from the investment of the proceeds at rates higher than the yield on the obligations. If obligations in excess of \$5,000,000 are issued, the arbitrage profits must be rebated to the federal government.

It is suggested that allowing actions challenging elections for one year inhibits the timely sale of bonds and/or results in purchasers demanding higher interest rates. There is also a concern that the one year period to commence actions to challenge an election may result in less opportunity for municipal corporations to take advantage of the benefits of the federal tax exemption.

SUMMARY:

Any action to void an election must be commenced within 30 days of the date of the election.

Any lawsuit against a municipal corporation or public official challenging the outcome of an election authorizing the issuance of bonds or the levy of taxes must be commenced within 30 days after the date of the election.

Appropriation: none

Revenue: none

Fiscal Note: none requested