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HOUSE BILL 1430

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State of Washington                      52nd Legislature                      1991 Regular Session

By Representative H. Sommers; by request of Governor Gardner.

Read first time January 29, 1991. Referred to Committee on Capital Facilities & Financing.

1            AN ACT Relating to state general obligation and revenue bonds and  
2 related accounts; amending RCW 43.99H.060 and 28B.14D.900; adding new  
3 chapters to Title 43 RCW; and declaring an emergency.

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

5            NEW SECTION.    **Sec. 1.**            The state finance committee is  
6 authorized to issue general obligation bonds of the state of Washington  
7 in the sum of one billion eight hundred thirty-five million nine  
8 hundred fifty-three thousand dollars, or so much thereof as may be  
9 required, to finance the projects described and authorized by the  
10 legislature in the capital and operating appropriations acts for the  
11 1991-1993 fiscal biennium and subsequent fiscal biennia, and all costs  
12 incidental thereto.

13            Bonds authorized in this section shall be sold in such manner, at  
14 such time or times, in such amounts, and at such price as the state  
15 finance committee shall determine. No such bonds may be offered for

1 sale without prior legislative appropriation of the net proceeds of the  
2 sale of the bonds. The state finance committee may obtain insurance,  
3 letters of credit, or other credit enhancements and may authorize the  
4 execution and delivery of agreements, promissory notes, and other  
5 obligations for the purpose of insuring the payment or enhancing the  
6 marketability of bonds authorized in this section. Promissory notes or  
7 other obligations issued pursuant to this section shall not constitute  
8 a debt or the contracting of indebtedness under any constitutional or  
9 statutory indebtedness limitation if their payment is conditioned upon  
10 the failure of the state to pay the principal of or interest on the  
11 bonds with respect to which the same relate.

12 The state finance committee shall consider the issuance of short-  
13 term obligations in lieu of long-term obligations for the purposes of  
14 more favorable interest rates, lower total interest costs, and  
15 increased marketability and for the purpose of retiring the bonds  
16 during the life of the project for which they were issued.

17 NEW SECTION. **Sec. 2.** Bonds issued under section 1 of this act  
18 are subject to the following conditions and limitations:

19 General obligation bonds of the state of Washington in the sum of  
20 one billion eight hundred thirty-five million nine hundred fifty-three  
21 thousand dollars, or so much thereof as may be required, shall be  
22 issued for the purposes described and authorized by the legislature in  
23 the capital and operating appropriations acts for the 1991-93 fiscal  
24 biennium and subsequent fiscal biennia, and to provide for the  
25 administrative cost of such projects, including costs of bond issuance  
26 and retirement, salaries and related costs of officials and employees  
27 of the state, costs of insurance or credit enhancement agreements, and  
28 other expenses incidental to the administration of capital projects.  
29 Subject to such changes as may be required in the appropriations acts,

1 the proceeds from the sale of the bonds issued for the purposes of this  
2 subsection shall be deposited in the state building construction  
3 account created by RCW 43.83.020 and transferred as follows:

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

6 (2) One billion four hundred forty-seven million three hundred  
7 fifty thousand dollars to the state building construction account  
8 created by RCW 43.83.020;

9 (3) One hundred forty-seven million five hundred thousand dollars  
10 to the outdoor recreation account created by RCW 43.99.060;

11 (4) Two hundred thousand dollars to the essential rail assistance  
12 account created by RCW 47.76.030;

13 (5) One hundred forty-seven million five hundred thousand dollars  
14 to the habitat conservation account created by RCW 43.98A.020.

15 (6) Thirty-nine million nine hundred twenty-nine thousand dollars  
16 to the energy efficiency account created by section ..., chapter ...,  
17 Laws of 1991 (Z-0569/91).

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

23 NEW SECTION. **Sec. 3.** Both principal of and interest on the  
24 bonds issued for the purposes specified in section 2 (1) through (6) of  
25 this act shall be payable from the state general obligation bond  
26 retirement fund. The state finance committee may provide that a  
27 special account be created in such fund to facilitate payment of such  
28 principal and interest.

1       The state finance committee shall, on or before June 30th of each  
2 year, certify to the state treasurer the amount required to provide for  
3 the payment of principal and interest on such bonds during the ensuing  
4 fiscal year in accordance with the provisions of the bond proceedings.  
5 The state treasurer shall withdraw from any general state revenues  
6 received in the state treasury and deposit in the state general  
7 obligation bond retirement fund, or a special account in such fund,  
8 such amounts and at such times as are required by the bond proceedings.

9       NEW SECTION.   **Sec. 4.**       For bonds issued for the purposes of  
10 section 2(6) of this act, on each date on which any interest or  
11 principal and interest payment is due, the state treasurer shall  
12 transfer the amount computed in section 3 of this act from energy  
13 services account created in section ..., chapter ..., Laws of 1991  
14 (Z-0569/91) to the general fund of the state treasury.

15       NEW SECTION.   **Sec. 5.**       In addition to any other charges  
16 authorized by law and to assist in the reimbursement of principal and  
17 interest payments on bonds issued for the purposes of section 2(6) of  
18 this act, the director of the energy office shall cause to be  
19 accumulated in the energy services account, from project revenues, loan  
20 repayments, and other moneys legally available for such purposes,  
21 amounts adequate to make payments of principal of and interest coming  
22 due on general obligation bonds issued pursuant to this chapter. As  
23 needed during each fiscal year, the director shall cause amounts so  
24 accumulated to be deposited into the general fund of the state  
25 treasury. In the event that the director is unable to accumulate and  
26 transfer the full amount necessary for such payments of principal of  
27 and interest coming due on bonds, any shortfall shall be credited to an  
28 account receivable from the energy office in the state treasury.

1        NEW SECTION.    **Sec. 6.**        Bonds issued under section 1 of this act  
2 shall state that they are a general obligation of the state of  
3 Washington, shall pledge the full faith and credit of the state to the  
4 payment of the principal thereof and the interest thereon, and shall  
5 contain an unconditional promise to pay the principal and interest as  
6 the same shall become due.

7        The owner and holder of each of the bonds or the trustee for the  
8 owner and holder of any of the bonds may by mandamus or other  
9 appropriate proceeding require the transfer and payment of funds as  
10 directed in this section.

11       NEW SECTION.    **Sec. 7.**        The legislature may provide additional  
12 means for raising moneys for the payment of the principal of and  
13 interest on the bonds authorized in section 1 of this act, and sections  
14 3 and 4 of this act shall not be deemed to provide an exclusive method  
15 for the payment.

16       NEW SECTION.    **Sec. 8.**        The bonds authorized in section 1 of  
17 this act shall be a legal investment for all state funds or funds under  
18 state control and for all funds of any other public body.

19       NEW SECTION.    **Sec. 9.**        For the purposes of financing state  
20 agency and school district projects, the state finance committee is  
21 authorized, upon request by the director of the energy office, to issue  
22 and sell revenue bonds or notes in the sum of one hundred fifty-four  
23 million five hundred thousand dollars in the manner authorized for  
24 local governments pursuant to RCW 39.46.150. Such bonds or notes may  
25 be issued on a project-by-project basis or combining any number of  
26 projects, as the energy office, in consultation with the state finance  
27 committee, may determine. Such request shall describe the

1 acquisitions, renovations, or betterments to be financed, together with  
2 the estimated cost there of. The issuance of bonds shall be authorized  
3 by a resolution of the state finance committee which shall specify and  
4 adopt the project or projects proposed, and declare the estimated cost.  
5 Each bond shall state on its face that it is payable from a special  
6 fund, naming the fund and the resolution creating it.

7 The state finance committee shall prescribe the form, terms,  
8 conditions, and covenants of the revenue bonds and notes, the time or  
9 times of sale of all or any portion of them, and the conditions and  
10 manner of their sale and issuance. The state finance committee shall  
11 appoint a trustee within or without the state as necessary or advisable  
12 to administer any or all funds or accounts established in connection  
13 with any revenue bonds or notes. If deemed necessary or advisable to  
14 secure a favorable sale of bonds, the state finance committee may enter  
15 into contracts for credit enhancement, which shall limit the recourse  
16 of the provider of credit enhancement solely to the security provided  
17 under the bonds secured by the credit enhancement. All such bonds  
18 shall be sold in the manner and at the price that the state finance  
19 committee shall deem best, either at public or private sale.

20 NEW SECTION. **Sec. 10.** The resolution of the state finance  
21 committee authorizing the issuance of the revenue bonds authorized by  
22 section 9 of this act shall specify the title of the bond and may  
23 provide covenants as the committee deems necessary to secure the  
24 payment of the principal of and interest on such bonds. The state  
25 finance committee may, but shall not be required to, covenant as to:

26 (1) The purpose or purposes to which the proceeds of the sale of  
27 the bonds may be applied and the use and disposition thereof;

28 (2) The use and disposition of the gross revenue of the project  
29 financed and any additions or betterment thereto or extensions thereof,

1 the cost of which is to be defrayed with such proceeds, including for  
2 any cogeneration project the creation and maintenance of funds for  
3 working capital to be used in the operation of the project and for  
4 renewals and replacements thereof;

5 (3) The amount, if any, of additional bonds payable from such fund  
6 which may be issued and the terms and conditions on which such  
7 additional bonds may be issued;

8 (4) The establishment and maintenance of adequate rates and charges  
9 for energy generated or saved by a project when such energy is sold or  
10 exchanged by a state agency;

11 (5) The operation, maintenance, insurance, management, accounting,  
12 and auditing of the project;

13 (6) Limitations upon the right to dispose of the project or any  
14 part thereof without providing for the payment of the outstanding  
15 bonds;

16 (7) The appointment of trustees, depositaries, and paying agents to  
17 receive, hold, disburse, invest, and reinvest all or any part of the  
18 income, revenue, receipts, and profits from the operation, ownership,  
19 and management of any project; and

20 (8) The creation of a reserve fund or funds out of the revenues not  
21 needed for the payment of principal and interest, as the same currently  
22 matures, and for the preservation and continuance of the fund.

23 NEW SECTION. **Sec. 11.** If any revenue bonds are outstanding,  
24 rates or charges for sales of project energy and repayments of any loan  
25 securing such bonds shall be adequate to provide revenues sufficient  
26 for the payment of the principal of and interest on such bonds. The  
27 payments of principal of and interest on any series of bonds constitute  
28 a direct and exclusive charge and lien on all revenues pledged to  
29 payment of the bonds of such series and interest thereon as provided in

1 the resolution authorizing their issuance. Nothing in sections 9  
2 through 15 of this act shall be construed to prevent certain project  
3 revenues, or portions thereof, to be segregated from the pledge of all  
4 project revenues to the bondowners, in accordance with the resolution  
5 of the state finance committee.

6 NEW SECTION. **Sec. 12.** The proceeds from the sale of all  
7 revenue bonds authorized under sections 9 through 15 of this act shall  
8 be paid to a trustee appointed by the state finance committee in the  
9 manner authorized for local governments by chapter 39.46 RCW. Warrants  
10 for payments to be made on account of the bonds shall be duly drawn on  
11 vouchers approved by the host institution and the energy office.

12 NEW SECTION. **Sec. 13.** State agencies shall deposit the gross  
13 revenues from the sale or exchange of energy from a project financed  
14 through revenue bonds issued and sold hereunder as may be required by  
15 revenue bond proceedings. All state agencies responsible for such  
16 projects shall apply gross project revenues first to necessary  
17 operating and maintenance expenses, second to pay principal of and  
18 interest on bonds or to satisfy bond covenants, and finally as  
19 specified in section 11, chapter ..., Laws of 1991 (Z-0569/91). To the  
20 extent necessary to pay principal of and interest on bonds, or to  
21 satisfy bond covenants, the deposit shall be made to the credit of a  
22 special trust fund designated as the project revenue fund of the  
23 particular project producing the revenues, which fund shall be a trust  
24 fund and shall at all times be kept segregated and set apart from all  
25 other funds.

26 NEW SECTION. **Sec. 14.** A school district responsible for a  
27 project financed through revenue bonds issued under this chapter shall



1 deposit all loan repayments for such project to the credit of a special  
2 trust fund designated as the loan repayment fund of the particular  
3 project funded by such bonds, which fund shall be a trust fund and  
4 shall at all times be kept segregated and set apart from all other  
5 funds.

6 NEW SECTION. **Sec. 15.** From the money deposited in each project  
7 revenue fund under section 13 of this act and in the loan repayment  
8 fund under section 14 of this act, the trustee shall transfer to the  
9 place or places of payment named in the bonds such sums as may be  
10 required to make payments of interest and principal as they become due  
11 for all bonds issued and sold for the particular projects. All funds  
12 so transferred to the payment of principal of or interest on bonds  
13 issued for any particular project shall be segregated and applied  
14 solely for the payment of that principal or interest.

15 The moneys remaining in each project revenue fund and loan  
16 repayment fund after providing the amount required for payment of  
17 principal of and interest on bonds as provided in this section shall be  
18 held and applied as provided in the proceedings authorizing the  
19 issuance of the bonds. If the proceedings authorizing the issuance of  
20 bonds do not require surplus revenues to be held or applied in any  
21 particular manner, they shall be allocated pursuant to section 11,  
22 chapter ..., Laws of 1991 (Z-0569/91).

23 **Sec. 16.** RCW 43.99H.060 and 1990 1st ex.s. c 15 s 6 are each  
24 amended to read as follows:

25 (1) For bonds issued for the purposes of RCW 43.99H.020(16), on  
26 each date on which any interest or principal and interest payment is  
27 due, the board of regents or the board of trustees of Washington State  
28 University shall cause the amount computed in RCW 43.99H.040(1) to be

1 paid out of the appropriate building account or capital projects  
2 account to the state treasurer for deposit into the general fund of the  
3 state treasury.

4 (2) For bonds issued for the purposes of RCW 43.99H.020(15), on  
5 each date on which any interest or principal and interest payment is  
6 due, the state treasurer shall transfer the amount computed in RCW  
7 43.99H.040(2) from the capitol campus reserve account, hereby created  
8 in the state treasury, to the general fund of the state treasury. At  
9 the time of sale of the bonds issued for the purposes of RCW  
10 43.99H.020(15), and on or before June 30th of each succeeding year  
11 while such bonds remain outstanding, the state finance committee shall  
12 determine, based on current balances and estimated receipts and  
13 expenditures from the capitol campus reserve account, that portion of  
14 principal and interest on such RCW 43.99H.020(15) bonds which will, by  
15 virtue of payments from the capitol campus reserve account, be  
16 reimbursed from sources other than "general state revenues" as that  
17 term is defined in Article VIII, section 1 of the state Constitution.  
18 The amount so determined by the state finance committee, as from time  
19 to time adjusted in accordance with this subsection, shall not  
20 constitute indebtedness for purposes of the limitations set forth in  
21 RCW 39.42.060.

22 (3) For bonds issued for the purposes of RCW 43.99H.020(17), on  
23 each date on which any interest or principal and interest payment is  
24 due, the director of the department of labor and industries shall cause  
25 fifty percent of the amount computed in RCW 43.99H.040(3) to be  
26 transferred from the accident fund created in RCW 51.44.010 and fifty  
27 percent of the amount computed in RCW 43.99H.040(3) to be transferred  
28 from the medical aid fund created in RCW 51.44.020, to the general fund  
29 of the state treasury.

1 (4) For bonds issued for the purposes of RCW 43.99H.020(18), on  
2 each date on which any interest or principal and interest payment is  
3 due, the board of regents of the University of Washington shall cause  
4 the amount computed in RCW 43.99H.040(4) to be paid out of ((the))  
5 University of Washington ((~~building account~~)) nonappropriated local  
6 funds to the state treasurer for deposit into the general fund of the  
7 state treasury.

8 (5) For bonds issued for the purposes of RCW 43.99H.020(20), on  
9 each date on which any interest or principal and interest payment is  
10 due, the state treasurer shall transfer the amount computed in RCW  
11 43.99H.040(5) from the public safety and education account created in  
12 RCW 43.08.250 to the general fund of the state treasury.

13 **Sec. 17.** RCW 28B.14D.900 and 1985 c 390 s 9 are each amended to  
14 read as follows:

15 No provision of this chapter or chapter 43.99 RCW, or of RCW  
16 28B.20.750 through 28B.20.758 shall be deemed to repeal, override, or  
17 limit any provision of RCW 28B.10.300 through 28B.10.335, 28B.15.210,  
18 28B.15.310, ((28B.15.401,)) 28B.20.700 through 28B.20.745, 28B.30.700  
19 through 28B.30.780, or 28B.35.700 through 28B.35.790, ((or 28B.40.700  
20 through 28B.40.790,)) nor any provision or covenant of the proceedings  
21 of the board of regents or board of trustees of any state institution  
22 of higher education heretofore or hereafter taken in the issuance of  
23 its revenue bonds secured by a pledge of its building fees and/or other  
24 revenues mentioned within such statutes. The obligation of ((the))  
25 such boards to make the transfers provided for in RCW 28B.14D.070 ((~~and~~  
26 ~~in RCW~~)), 28B.14C.080(2), 28B.14C.090(2), 28B.14C.100(2),  
27 28B.14C.110(2), 28B.14C.120(2), ((and)) 28B.14C.130(2), 28B.14G.060,  
28 28B.20.757, 43.99G.070, and 43.99H.060 (1) and (4), and in any similar  
29 law heretofore or hereafter enacted shall be subject and subordinate to

1 the lien and charge of any revenue bonds heretofore or hereafter  
2 issued((7)) by such boards on the building fees and/or other revenues  
3 pledged to secure such revenue bonds, and on the moneys in the building  
4 account or capital project account and the individual institutions of  
5 higher education bond retirement funds.

6 NEW SECTION. Sec. 18. If any provision of this act or its  
7 application to any person or circumstance is held invalid, the  
8 remainder of the act or the application of the provision to other  
9 persons or circumstances is not affected.

10 NEW SECTION. Sec. 19. (1) Sections 1 through 8 of this act  
11 shall constitute a new chapter in Title 43 RCW.

12 (2) Sections 9 through 15 of this act shall constitute a new  
13 chapter in Title 43 RCW.

14 NEW SECTION. Sec. 20. This act is necessary for the immediate  
15 preservation of the public peace, health, or safety, or support of the  
16 state government and its existing public institutions, and shall take  
17 effect immediately.