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**SUBSTITUTE HOUSE BILL 2950**

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**State of Washington**

**52nd Legislature**

**1992 Regular Session**

**By** House Committee on Capital Facilities & Financing (originally sponsored by Representatives Rasmussen and H. Sommers; by request of Office of Financial Management)

Read first time 02/05/92.

1       AN ACT Relating to state general obligation bonds and related  
2 accounts; amending RCW 43.99I.010, 43.99I.020, 43.99I.040, 43.84.092,  
3 43.105.080, 90.50A.020, 43.160.080, and 43.168.110; adding new sections  
4 to chapter 43.99I RCW; and declaring an emergency.

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

6       **Sec. 1.** RCW 43.99I.010 and 1991 sp.s. c 31 s 1 are each amended to  
7 read as follows:

8       The state finance committee is authorized to issue general  
9 obligation bonds of the state of Washington in the sum of one billion  
10 (~~ninety-five~~) two hundred sixty-one million dollars, or so much  
11 thereof as may be required, to finance the projects described and  
12 authorized by the legislature in the capital and operating  
13 appropriations acts for the 1991-1993 fiscal biennium and subsequent  
14 fiscal biennia, and all costs incidental thereto.

1 Bonds authorized in this section shall be sold in such manner, at  
2 such time or times, in such amounts, and at such price as the state  
3 finance committee shall determine. No such bonds may be offered for  
4 sale without prior legislative appropriation of the net proceeds of the  
5 sale of the bonds. The state finance committee may obtain insurance,  
6 letters of credit, or other credit enhancements and may authorize the  
7 execution and delivery of agreements, promissory notes, and other  
8 obligations for the purpose of insuring the payment or enhancing the  
9 marketability of bonds authorized in this section. Promissory notes or  
10 other obligations issued pursuant to this section shall not constitute  
11 a debt or the contracting of indebtedness under any constitutional or  
12 statutory indebtedness limitation if their payment is conditioned upon  
13 the failure of the state to pay the principal of or interest on the  
14 bonds with respect to which the same relate.

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

20 **Sec. 2.** RCW 43.99I.020 and 1991 sp.s. c 31 s 2 are each amended to  
21 read as follows:

22 Bonds issued under RCW 43.99I.010 are subject to the following  
23 conditions and limitations:

24 General obligation bonds of the state of Washington in the sum of  
25 one billion (~~ninety-five~~) two hundred sixty-one million dollars, or  
26 so much thereof as may be required, shall be issued for the purposes  
27 described and authorized by the legislature in the capital and  
28 operating appropriations acts for the 1991-93 fiscal biennium and  
29 subsequent fiscal biennia, and to provide for the administrative cost

1 of such projects, including costs of bond issuance and retirement,  
2 salaries and related costs of officials and employees of the state,  
3 costs of insurance or credit enhancement agreements, and other expenses  
4 incidental to the administration of capital projects. Subject to such  
5 changes as may be required in the appropriations acts, the proceeds  
6 from the sale of the bonds issued for the purposes of this subsection  
7 shall be deposited in the state building construction account created  
8 by RCW 43.83.020 and transferred as follows:

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

11 (2) ~~((Eight))~~ Nine hundred ~~((twenty-three million))~~ forty-seven  
12 million nine thousand dollars to the state building construction  
13 account created by RCW 43.83.020;

14 (3) Fifteen million dollars to the energy efficiency construction  
15 account created by RCW 39.35C.100;

16 (4) Three million fifty thousand dollars to the energy efficiency  
17 services account created by RCW 39.35C.110;

18 (5) ~~((One hundred twenty))~~ Two hundred fifty-five million five  
19 hundred thousand dollars to the common school reimbursable construction  
20 account hereby created in the state treasury;

21 (6) ~~((Ninety-eight million six hundred forty-eight thousand dollars~~  
22 ~~to the higher education reimbursable construction account hereby~~  
23 ~~created in the state treasury; and~~

24 ~~(7) Two million four hundred five thousand dollars to the wildlife~~  
25 ~~reimbursable construction account hereby created in the state~~  
26 ~~treasury)) Five million two hundred thousand dollars to the data~~  
27 ~~processing building construction account created in section 7 of this~~  
28 ~~act; and~~

29 ~~(7) Nine hundred thousand dollars to the Washington state dairy~~  
30 ~~products commission facility account created in section 8 of this act.~~

1       ~~These proceeds shall be used exclusively for the purposes specified~~  
2 ~~in this subsection, and for the payment of expenses incurred in the~~  
3 ~~issuance and sale of the bonds issued for the purposes of this section,~~  
4 ~~and shall be administered by the office of financial management,~~  
5 ~~subject to legislative appropriation.~~

6       **Sec. 3.** ~~RCW 43.99I.040 and 1991 sp.s. c 31 s 4 are each amended to~~  
7 ~~read as follows:~~

8       ~~(1) On each date on which any interest or principal and interest~~  
9 ~~payment is due on bonds issued for the purposes of RCW 43.99I.020 (3)~~  
10 ~~and (4), the state treasurer shall transfer from the energy efficiency~~  
11 ~~construction account created in RCW 39.35C.100 to the general fund of~~  
12 ~~the state treasury the amount computed in RCW 43.99I.030 for the bonds~~  
13 ~~issued for the purposes of RCW 43.99I.020 (3) and (4).~~

14       ~~(2) On each date on which any interest or principal and interest~~  
15 ~~payment is due on bonds issued for the purposes of RCW 43.99I.020(5),~~  
16 ~~the state treasurer shall transfer from property taxes in the state~~  
17 ~~general fund levied for this support of the common schools under RCW~~  
18 ~~84.52.065 to the general fund of the state treasury for unrestricted~~  
19 ~~use the amount computed in RCW 43.99I.030 for the bonds issued for the~~  
20 ~~purposes of RCW 43.99I.020(5).~~

21       ~~(3) ((On each date on which any interest or principal and interest~~  
22 ~~payment is due on bonds issued for the purposes of RCW 43.99I.020(6),~~  
23 ~~the state treasurer shall transfer from higher education operating fees~~  
24 ~~deposited in the general fund to the general fund of the state treasury~~  
25 ~~for unrestricted use the amount computed in RCW 43.99I.030 for the~~  
26 ~~bonds issued for the purposes of RCW 43.99I.020(6).~~

27       ~~(4) On each date on which any interest or principal and interest~~  
28 ~~payment is due on bonds issued for the purposes of RCW 43.99I.020(7),~~  
29 ~~the state treasurer shall transfer from the state wildlife fund to the~~

1 ~~general fund of the state treasury the amount computed in RCW~~  
2 ~~43.99I.030 for the bonds issued for the purpose of RCW 43.99I.020(7).)~~  
3 On each date on which any interest or principal and interest payment is  
4 due on bonds issued for the purposes of RCW 43.99I.020(6), the state  
5 treasurer shall transfer from the data processing revolving account  
6 created in RCW 43.105.080 to the general fund of the state treasury the  
7 amount computed in RCW 43.99I.030 for the bonds issued for the purposes  
8 of RCW 43.99I.020(6).

9 (4) On each date on which any interest or principal and interest  
10 payment is due on bonds issued for the purpose of RCW 43.99I.020(7),  
11 the Washington state dairy products commission shall cause the amount  
12 computed in RCW 43.99I.030 for the bonds issued for the purposes of RCW  
13 43.99I.020(7) to be paid out of the commission's general operating fund  
14 to the state treasurer for deposit into the general fund of the state  
15 treasury.

16 **Sec. 4.** RCW 43.84.092 and 1991 sp.s. c 13 s 57 are each amended to  
17 read as follows:

18 (1) All earnings of investments of surplus balances in the state  
19 treasury shall be deposited to the treasury income account, which  
20 account is hereby established in the state treasury.

21 (2) Monthly, the state treasurer shall distribute the earnings  
22 credited to the treasury income account. The state treasurer shall  
23 credit the general fund with all the earnings credited to the treasury  
24 income account except:

25 (a) The following accounts and funds shall receive their  
26 proportionate share of earnings based upon each account's and fund's  
27 average daily balance for the period: The capitol building  
28 construction account, the Cedar River channel construction and  
29 operation account, the Central Washington University capital projects

1 account, the charitable, educational, penal and reformatory  
2 institutions account, the common school construction fund, the county  
3 criminal justice assistance account, the county sales and use tax  
4 equalization account, the data processing building construction  
5 account, the deferred compensation administrative account, the deferred  
6 compensation principal account, the department of retirement systems  
7 expense account, the Eastern Washington University capital projects  
8 account, the federal forest revolving account, the industrial insurance  
9 premium refund account, the judges' retirement account, the judicial  
10 retirement administrative account, the judicial retirement principal  
11 account, the local leasehold excise tax account, the local sales and  
12 use tax account, the medical aid account, the municipal criminal  
13 justice assistance account, the municipal sales and use tax  
14 equalization account, the natural resources deposit account, the  
15 perpetual surveillance and maintenance account, the public employees'  
16 retirement system plan I account, the public employees' retirement  
17 system plan II account, the Puyallup tribal settlement account, the  
18 resource management cost account, the site closure account, the special  
19 wildlife account, the state employees' insurance account, the state  
20 employees' insurance reserve account, the state investment board  
21 expense account, the state investment board commingled trust fund  
22 accounts, the supplemental pension account, the teachers' retirement  
23 system plan I account, the teachers' retirement system plan II account,  
24 the University of Washington bond retirement fund, the University of  
25 Washington building account, the volunteer fire fighters' relief and  
26 pension principal account, the volunteer fire fighters' relief and  
27 pension administrative account, the Washington judicial retirement  
28 system account, the Washington law enforcement officers' and fire  
29 fighters' system plan I retirement account, the Washington law  
30 enforcement officers' and fire fighters' system plan II retirement

1 account, the Washington state patrol retirement account, the Washington  
2 State University building account, the Washington State University bond  
3 retirement fund, and the Western Washington University capital projects  
4 account. Earnings derived from investing balances of the agricultural  
5 permanent fund, the normal school permanent fund, the permanent common  
6 school fund, the scientific permanent fund, and the state university  
7 permanent fund shall be allocated to their respective beneficiary  
8 accounts. All earnings to be distributed under this subsection (2)(a)  
9 shall first be reduced by the allocation to the state treasurer's  
10 service ((~~account~~ {~~fund~~}) fund) pursuant to RCW 43.08.190.

11 (b) The following accounts and funds shall receive eighty percent  
12 of their proportionate share of earnings based upon each account's or  
13 fund's average daily balance for the period: The central Puget Sound  
14 public transportation account, the city hardship assistance account,  
15 the county arterial preservation account, the economic development  
16 account, the essential rail assistance account, the essential rail  
17 banking account, the ferry bond retirement fund, the grade crossing  
18 protective fund, the high capacity transportation account, the highway  
19 bond retirement fund, the highway construction stabilization account,  
20 the highway safety account, the motor vehicle fund, the motorcycle  
21 safety education account, the pilotage account, the public  
22 transportation systems account, the Puget Sound capital construction  
23 account, the Puget Sound ferry operations account, the recreational  
24 vehicle account, the rural arterial trust account, the special category  
25 C account, the state patrol highway account, the transfer relief  
26 account, the transportation capital facilities account, the  
27 transportation equipment fund, the transportation fund, the  
28 transportation improvement account, and the urban arterial trust  
29 account.

1 (3) In conformance with Article II, section 37 of the state  
2 Constitution, no treasury accounts or funds shall be allocated earnings  
3 without the specific affirmative directive of this section.

4 NEW SECTION. **Sec. 5.** A new section is added to chapter 43.99I RCW  
5 to read as follows:

6 The bonds authorized by RCW 43.99I.020(7) shall be issued only  
7 after the director of financial management has certified that, based on  
8 the future income from assessments levied pursuant to chapter 15.44 RCW  
9 and other revenues collected by the Washington state dairy products  
10 commission, an adequate balance will be maintained in the commission's  
11 general operating fund to pay the interest or principal and interest  
12 payments due under RCW 43.99I.040(4) for the life of the bonds.

13 **Sec. 6.** RCW 43.105.080 and 1987 c 504 s 11 are each amended to  
14 read as follows:

15 There is created a revolving fund to be known as the data  
16 processing revolving fund in the custody of the state treasurer. The  
17 revolving fund shall be used for the acquisition of equipment,  
18 software, supplies, and services and the payment of salaries, wages,  
19 and other costs incidental to the acquisition, development, operation,  
20 and administration of information services, telecommunications,  
21 systems, software, supplies and equipment, including the payment of  
22 principal and interest on bonds issued for capital projects, by the  
23 department, Washington State University's computer services center, the  
24 department of personnel's personnel information systems division, the  
25 office of financial management's financial systems management group,  
26 and other users as jointly determined by the department and the office  
27 of financial management. The revolving fund is subject to the  
28 allotment procedure provided under chapter 43.88 RCW. Disbursements



1 from the revolving fund for the services component of the department  
2 are not subject to appropriation. Disbursements for the planning  
3 component of the department are subject to appropriation. All  
4 disbursements from the fund are subject to the allotment procedures  
5 provided under chapter 43.88 RCW. The department shall establish and  
6 implement a billing structure to assure all agencies pay an equitable  
7 share of the costs.

8 As used in this section, the word "supplies" shall not be  
9 interpreted to delegate or abrogate the division of purchasing's  
10 responsibilities and authority to purchase supplies as described in RCW  
11 43.19.190 and 43.19.200.

12 NEW SECTION. **Sec. 7.** A new section is added to chapter 43.99I RCW  
13 to read as follows:

14 The data processing building construction account is created in the  
15 state treasury. Moneys in the account may be spent only after  
16 appropriation. Expenditures from the account may be used only for  
17 acquisition of land for and construction of a data processing building.

18 NEW SECTION. **Sec. 8.** A new section is added to chapter 43.99I RCW  
19 to read as follows:

20 The Washington state dairy products commission facility account is  
21 hereby created in the state treasury. Moneys in the account may be  
22 spent only after appropriation. Expenditures from the account may be  
23 used only for acquisition, renovation, or construction of a permanent  
24 facility for the Washington state dairy products commission.

25 **Sec. 9.** RCW 90.50A.020 and 1991 sp.s. c 13 s 102 are each amended  
26 to read as follows:

1 (1) The water pollution control revolving fund is hereby  
2 established in the (~~custody of the~~) state (~~treasurer~~) treasury.  
3 Moneys in this fund (~~are not subject to~~) may be spent only after  
4 legislative appropriation. Moneys in the fund may be spent only in a  
5 manner consistent with this chapter.

6 (2) The water pollution control revolving fund shall consist of:

7 (a) All capitalization grants provided by the federal government  
8 under the federal water quality act of 1987;

9 (b) All state matching funds appropriated or authorized by the  
10 legislature;

11 (c) Any other revenues derived from gifts or bequests pledged to  
12 the state for the purpose of providing financial assistance for water  
13 pollution control projects;

14 (d) All repayments of moneys borrowed from the fund;

15 (e) All interest payments made by borrowers from the fund;

16 (f) Any other fee or charge levied in conjunction with  
17 administration of the fund; and

18 (g) Any new funds as a result of leveraging.

19 **Sec. 10.** RCW 43.160.080 and 1991 sp.s. c 13 s 115 are each amended  
20 to read as follows:

21 There shall be a fund in the state treasury known as the public  
22 facilities construction loan revolving account, which shall consist of  
23 all moneys collected under this chapter, except moneys of the board  
24 collected in connection with the issuance of industrial development  
25 revenue bonds, and any moneys appropriated to it by law: PROVIDED,  
26 That seventy-five percent of all principal and interest payments on  
27 loans made with the proceeds deposited in the account under section  
28 901, chapter 57, Laws of 1983 1st ex. sess. shall be deposited in the  
29 general fund as reimbursement for debt service payments on the bonds

1 authorized in RCW 43.83.184. (~~The state treasurer shall be custodian~~  
2 ~~of the revolving account.~~) Disbursements from the revolving account  
3 shall be on authorization of the board. In order to maintain an  
4 effective expenditure and revenue control, the public facilities  
5 construction loan revolving account shall be subject in all respects to  
6 chapter 43.88 RCW(~~, but no appropriation is required to permit~~  
7 ~~expenditures and payment of obligations from the account~~).

8 **Sec. 11.** RCW 43.168.110 and 1985 c 164 s 11 are each amended to  
9 read as follows:

10 There is established the Washington state development loan fund  
11 which shall be an account in the state treasury. All loan payments of  
12 principal and interest which are transferred under RCW 43.168.050 shall  
13 be deposited into the account. Moneys in the account may be spent  
14 (~~without~~) only after legislative appropriation for loans under this  
15 chapter. (~~However,~~) Any expenditures of these moneys shall conform  
16 to federal law.

17 NEW SECTION. **Sec. 12.** This act is necessary for the immediate  
18 preservation of the public peace, health, or safety, or support of the  
19 state government and its existing public institutions, and shall take  
20 effect immediately.