
SENATE BILL 5393

State of Washington

52nd Legislature

1991 Regular Session

By Senators McDonald, Rinehart and Conner; by request of Governor Gardner.

Read first time January 30, 1991. Referred to Committee on Ways & Means.

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.