

# SENATE BILL REPORT

## SB 6713

---

As of February 5, 1998

**Title:** An act relating to proposed bond issues.

**Brief Description:** Regarding validity of proposed bond issues.

**Sponsors:** Senators McCaslin, Haugen, Hale and Winsley.

**Brief History:**

**Committee Activity:** Law & Justice: 2/6/98.

---

### SENATE COMMITTEE ON LAW & JUSTICE

**Staff:** David Johnson (786-7754)

**Background:** When a local government body wishes to issue a bond, it may follow a statutory procedure to determine if the issuance is valid. That procedure involves a lawsuit between the government and the affected citizens who must repay the bond. Both sides of the suit are funded by the government and all foreseeable controversies are included. The parties then obtain a court decision, which is binding on them, as to whether the bond issue is or is not valid.

If a controversy arises after the court case has been resolved, then the government may face new litigation. This may result in the bond issuance being challenged even after the bonds have been issued and sold, creating complicated problems for the government and bond holders.

The statute's mandatory language for the lawsuit is not broad enough to cover all of the situations that may arise. This can result in seemingly absurd language being used and hampers citizen understanding of and confidence in the process.

**Summary of Bill:** Only one suit on a bond issuance is allowed. The controversies arising because of a bond issuance must be brought up in that lawsuit. New provisions are added requiring public notice to be published in the area's newspaper, encouraging controversies to be voiced.

A definition section is added and broader terms are authorized. The procedure for hearing the suit in court is specified.

**Appropriation:** None.

**Fiscal Note:** Not requested.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.