

2 HB 1192 - S COMM AMD

3 By Committee on Commerce, Trade, Housing & Financial Institutions

4 ADOPTED AS AMENDED (FLR 346,419,422) 4/16/99

5 Strike everything after the enacting clause and insert the
6 following:

7 "Sec. 1. RCW 43.163.010 and 1994 c 238 s 1 and 1994 c 92 s 498 are
8 each reenacted and amended to read as follows:

9 As used in this chapter, the following words and terms have the
10 following meanings, unless the context requires otherwise:

11 (1) "Authority" means the Washington economic development finance
12 authority created under RCW 43.163.020 or any board, body, commission,
13 department or officer succeeding to the principal functions of the
14 authority or to whom the powers conferred upon the authority shall be
15 given by law;

16 (2) "Bonds" means any bonds, notes, debentures, interim
17 certificates, conditional sales or lease financing agreements, lines of
18 credit, forward purchase agreements, investment agreements, and other
19 banking or financial arrangements, guaranties, or other obligations
20 issued by or entered into by the authority. Such bonds may be issued
21 on either a tax-exempt or taxable basis;

22 (3) "Borrower" means one or more public or private persons or
23 entities acting as lessee, purchaser, mortgagor, or borrower who has
24 obtained or is seeking to obtain financing either from the authority or
25 from an eligible banking organization that has obtained or is seeking
26 to obtain funds from the authority to finance a project. A borrower
27 may include a party who transfers the right of use and occupancy to
28 another party by lease, sublease or otherwise, or a party who is
29 seeking or has obtained a financial guaranty from the authority;

30 (4) "Eligible banking organization" means any organization subject
31 to regulation by the director of the department of financial
32 institutions, any national bank, federal savings and loan association,
33 and federal credit union located within this state;

34 (5) "Eligible export transaction" means any preexport or export
35 activity by a person or entity located in the state of Washington
36 involving a sale for export and product sale which, in the judgment of

1 the authority: (a) Will create or maintain employment in the state of
2 Washington, (b) will obtain a material percent of its value from
3 manufactured goods or services made, processed or occurring in
4 Washington, and (c) could not otherwise obtain financing on reasonable
5 terms from an eligible banking organization;

6 (6) "Eligible farmer" means any person who is a resident of the
7 state of Washington and whose specific acreage qualifying for receipts
8 from the federal department of agriculture under its conservation
9 reserve program is within the state of Washington;

10 (7) "Eligible person" means an individual, partnership,
11 corporation, or joint venture carrying on business, or proposing to
12 carry on business within the state and is seeking financial assistance
13 under RCW 43.163.210;

14 (8) "Financial assistance" means the infusion of capital to persons
15 for use in the development and exploitation of specific inventions and
16 products;

17 (9) "Financing document" means an instrument executed by the
18 authority and one or more persons or entities pertaining to the
19 issuance of or security for bonds, or the application of the proceeds
20 of bonds or other funds of, or payable to, the authority. A financing
21 document may include, but need not be limited to, a lease, installment
22 sale agreement, conditional sale agreement, mortgage, loan agreement,
23 trust agreement or indenture, security agreement, letter or line of
24 credit, reimbursement agreement, insurance policy, guaranty agreement,
25 or currency or interest rate swap agreement. A financing document also
26 may be an agreement between the authority and an eligible banking
27 organization which has agreed to make a loan to a borrower;

28 (10) "Plan" means the general plan of economic development finance
29 objectives developed and adopted by the authority, and updated from
30 time to time, as required under RCW 43.163.090;

31 (11) "Economic development activities" means activities related to:
32 Manufacturing, processing, research, production, assembly, tooling,
33 warehousing, airports, docks and wharves, mass commuting facilities,
34 high-speed intercity rail facilities, public broadcasting, pollution
35 control, solid waste recycling, federally qualified hazardous waste
36 facilities, energy generating, conservation, or transmission
37 facilities, ((and sports facilities and)) industrial parks and
38 activities conducted within a federally designated enterprise or
39 empowerment zone or geographic area of similar nature. Economic

1 development activities shall not include parking garages operated
2 primarily for use by the public, sports stadiums or facilities,
3 convention centers, or bridges primarily for motor vehicle use;

4 (12) "Project costs" means costs of:

5 (a) Acquisition, lease, construction, reconstruction, remodeling,
6 refurbishing, rehabilitation, extension, and enlargement of land,
7 rights to land, buildings, structures, docks, wharves, fixtures,
8 machinery, equipment, excavations, paving, landscaping, utilities,
9 approaches, roadways and parking, handling and storage areas, and
10 similar ancillary facilities, and any other real or personal property
11 included in an economic development activity;

12 (b) Architectural, engineering, consulting, accounting, and legal
13 costs related directly to the development, financing, acquisition,
14 lease, construction, reconstruction, remodeling, refurbishing,
15 rehabilitation, extension, and enlargement of an activity included
16 under subsection (11) of this section, including costs of studies
17 assessing the feasibility of an economic development activity;

18 (c) Finance costs, including the costs of credit enhancement and
19 discounts, if any, the costs of issuing revenue bonds, and costs
20 incurred in carrying out any financing document;

21 (d) Start-up costs, working capital, capitalized research and
22 development costs, capitalized interest during construction and during
23 the eighteen months after estimated completion of construction, and
24 capitalized debt service or repair and replacement or other appropriate
25 reserves;

26 (e) The refunding of any outstanding obligations incurred for any
27 of the costs outlined in this subsection; and

28 (f) Other costs incidental to any of the costs listed in this
29 section;

30 (13) "Product" means a product, device, technique, or process that
31 is or may be exploitable commercially. "Product" does not refer to
32 pure research, but shall be construed to apply to products, devices,
33 techniques, or processes that have advanced beyond the theoretic stage
34 and are readily capable of being, or have been, reduced to practice;

35 (14) "Financing agreements" means, and includes without limitation,
36 a contractual arrangement with an eligible person whereby the authority
37 obtains rights from or in an invention or product or proceeds from an
38 invention or product in exchange for the granting of financial and
39 other assistance to the person.

1 **Sec. 2.** RCW 39.36.020 and 1994 c 277 s 1 are each amended to read
2 as follows:

3 (1) Except as otherwise expressly provided by law or in subsections
4 (2), (3) and (4) of this section, no taxing district shall for any
5 purpose become indebted in any manner to an amount exceeding
6 three-eighths of one percent of the value of the taxable property in
7 such taxing district without the assent of three-fifths of the voters
8 therein voting at an election to be held for that purpose, nor in cases
9 requiring such assent shall the total indebtedness incurred at any time
10 exceed one and one-fourth percent on the value of the taxable property
11 therein.

12 (2)(a)(i) Public hospital districts are limited to an indebtedness
13 amount not exceeding three-fourths of one percent of the value of the
14 taxable property in such public hospital districts without the assent
15 of three-fifths of the voters therein voting at an election held for
16 that purpose.

17 (ii) Counties, cities, and towns are limited to an indebtedness
18 amount not exceeding one and one-half percent of the value of the
19 taxable property in such counties, cities, or towns without the assent
20 of three-fifths of the voters therein voting at an election held for
21 that purpose.

22 (b) In cases requiring such assent counties, cities, towns, and
23 public hospital districts are limited to a total indebtedness of two
24 and one-half percent of the value of the taxable property therein.
25 However, any county that has assumed the rights, powers, functions, and
26 obligations of a metropolitan municipal corporation under chapter 36.56
27 RCW may become indebted to a larger amount for its authorized
28 metropolitan functions, as provided under chapter 35.58 RCW, but not
29 exceeding an additional three-fourths of one percent of the value of
30 the taxable property in the county without the assent of three-fifths
31 of the voters therein voting at an election held for that purpose, and
32 in cases requiring such assent not exceeding an additional two and one-
33 half percent of the value of the taxable property in the county.

34 (3) School districts are limited to an indebtedness amount not
35 exceeding three-eighths of one percent of the value of the taxable
36 property in such district without the assent of three-fifths of the
37 voters therein voting at an election held for that purpose. In cases
38 requiring such assent school districts are limited to a total

1 indebtedness of two and one-half percent of the value of the taxable
2 property therein.

3 (4) No part of the indebtedness allowed in this chapter shall be
4 incurred for any purpose other than strictly county, city, town, school
5 district, township, port district, metropolitan park district, or other
6 municipal purposes: PROVIDED, That a city or town, with such assent,
7 may become indebted to a larger amount, but not exceeding two and one-
8 half percent additional, determined as herein provided, for supplying
9 such city or town with water, artificial light, and sewers, when the
10 works for supplying such water, light, and sewers shall be owned and
11 controlled by the city or town; and a city or town, with such assent,
12 may become indebted to a larger amount, but not exceeding two and one-
13 half percent additional for acquiring or developing open space ((and)),
14 park facilities, and capital facilities associated with economic
15 development: PROVIDED FURTHER, That any school district may become
16 indebted to a larger amount but not exceeding two and one-half percent
17 additional for capital outlays.

18 (5) Such indebtedness may be authorized in any total amount in one
19 or more propositions and the amount of such authorization may exceed
20 the amount of indebtedness which could then lawfully be incurred. Such
21 indebtedness may be incurred in one or more series of bonds from time
22 to time out of such authorization but at no time shall the total
23 general indebtedness of any taxing district exceed the above
24 limitation.

25 The term "value of the taxable property" as used in this section
26 shall have the meaning set forth in RCW 39.36.015.

27 NEW SECTION. **Sec. 3.** A new section is added to chapter 39.36 RCW
28 to read as follows:

29 A city or town seeking voter approval to increase its total
30 indebtedness above two and one-half percent of the value of the taxable
31 property therein for purposes of acquiring or developing capital
32 facilities associated with economic development as provided in RCW
33 39.36.020 shall notify the Washington economic development finance
34 authority created under RCW 43.163.020 at least thirty days prior to
35 the election held for the purpose of obtaining such assent.

36 NEW SECTION. **Sec. 4.** This act is necessary for the immediate
37 preservation of the public peace, health, or safety, or support of the

1 state government and its existing public institutions, and takes effect
2 immediately."

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4 By Committee on Commerce, Trade, Housing & Financial Institutions

5 ADOPTED AS AMENDED (FLR 422) 4/16/99

6 On page 1, line 2 of the title, after "authority;" strike the
7 remainder of the title and insert "amending RCW 39.36.020; reenacting
8 and amending RCW 43.163.010; adding a new section to chapter 39.36 RCW;
9 and declaring an emergency."

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