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SENATE BILL 6505

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State of Washington 57th Legislature

2002 Regular Session

By Senators Gardner and Hale

Read first time 01/18/2002. Referred to Committee on State & Local Government.

1 AN ACT Relating to local improvement districts; and amending RCW  
2 35.45.030, 35.45.070, 35.45.080, and 35.54.010.

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

4 **Sec. 1.** RCW 35.45.030 and 1983 c 167 s 41 are each amended to read  
5 as follows:

6 (1) Local improvement bonds shall be in such denominations as may  
7 be provided in the ordinance authorizing their issue and shall be  
8 numbered from one upwards consecutively. Each bond shall (a) be signed  
9 by the mayor and attested by the clerk, (b) have the seal of the city  
10 or town affixed thereto, (c) refer to the improvement to pay for which  
11 it is issued and the ordinance ordering it, (d) provide that the  
12 principal sum therein named and the interest thereon shall be payable  
13 out of the local improvement fund created for the cost and expense of  
14 the improvement, or out of the local improvement guaranty fund, but  
15 only if the guaranty fund is pledged to the payment of such bonds, or  
16 out of a reserve fund established for bonds pursuant to RCW 35.51.040,  
17 or, with respect to interest only, out of the general revenues of the  
18 city or town, but only if pledged to the payment of such interest  
19 pursuant to RCW 35.45.065, and not otherwise, (e) provide that the bond

1 owners' remedy in case of nonpayment shall be confined to the  
2 enforcement of the special assessments made for the improvement and to  
3 the guaranty fund, or reserve fund, as applicable, and (f) be in any  
4 form, including bearer bonds or registered bonds as provided in RCW  
5 39.46.030.

6 Any interest coupons may be signed by the mayor and attested by  
7 the clerk, or in lieu thereof, may have printed thereon a facsimile of  
8 their signatures.

9 (2) Notwithstanding subsection (1) of this section, but subject to  
10 RCW 35.45.010, such bonds may be issued and sold in accordance with  
11 chapter 39.46 RCW.

12 **Sec. 2.** RCW 35.45.070 and 1965 c 7 s 35.45.070 are each amended to  
13 read as follows:

14 Neither the holder nor owner of any bond, interest coupon, or  
15 warrant issued against a local improvement fund shall have any claim  
16 therefor against the city or town by which it is issued, except for  
17 payment from the special assessments made for the improvement for which  
18 the bond or warrant was issued and except also for payment from the  
19 local improvement guaranty fund of the city or town as to bonds issued  
20 after the creation of a local improvement guaranty fund of that city or  
21 town and secured by the guaranty fund pursuant to RCW 35.45.030. The  
22 city or town shall not be liable to the holder or owner of any bond,  
23 interest coupon, or warrant for any loss to the local improvement  
24 guaranty fund occurring in the lawful operation thereof. A copy of the  
25 foregoing part of this section shall be plainly written, printed or  
26 engraved on each bond.

27 **Sec. 3.** RCW 35.45.080 and 1965 c 7 s 35.45.080 are each amended to  
28 read as follows:

29 If a city or town fails to pay any bonds or to promptly collect any  
30 local improvement assessments when due, the owner of the bonds may  
31 proceed in his own name to collect the assessment and foreclose the  
32 lien thereof in any court of competent jurisdiction and shall recover  
33 in addition to the amount of the bond and interest thereon, five  
34 percent, together with the cost of suit. Any number of holders of  
35 bonds for any single improvement may join as plaintiffs and any number  
36 of owners of property upon which the assessments are liens may be  
37 joined as defendants in the same suit.

1 The owners of local improvement bonds issued by a city or town  
2 after the creation of a local improvement guaranty fund therein, shall  
3 also have recourse against the local improvement guaranty fund of such  
4 city or town if a guaranty fund has been pledged to the payment of  
5 bonds pursuant to RCW 35.45.030.

6 **Sec. 4.** RCW 35.54.010 and 1971 ex.s. c 116 s 7 are each amended to  
7 read as follows:

8 There is established in every city and town a fund to be designated  
9 the "local improvement guaranty fund" for the purpose of guaranteeing,  
10 to the extent of the fund, the payment of ~~((its))~~ those local  
11 improvement bonds to which the guaranty fund has been pledged pursuant  
12 to RCW 35.45.030 and warrants issued to pay for ~~((any))~~ a local  
13 improvement ordered in the city or town or in any area wholly or partly  
14 outside its corporate boundaries: (1) In any city of the first class  
15 having a population of more than three hundred thousand, subsequent to  
16 June 8, 1927; (2) in any city or town having created and maintained a  
17 guaranty fund under chapter 141, Laws of 1923, subsequent to the date  
18 of establishment of such fund; and (3) in any other city or town  
19 subsequent to April 7, 1926: PROVIDED, That this shall not apply to  
20 any city of the first class which maintains a local improvement  
21 guaranty fund under chapter 138, Laws of 1917, but any such city  
22 maintaining a guaranty fund under chapter 138, Laws of 1917 may by  
23 ordinance elect to operate under the provisions of this chapter and may  
24 transfer to the guaranty fund created hereunder all the assets of the  
25 former fund and, upon such election and transfer, all bonds guaranteed  
26 under the former fund shall be guaranteed under the provisions of this  
27 chapter.

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