

HB 3172 - S COMM AMD
By Committee on Economic Development

ADOPTED 03/03/2004

1 Strike everything after the enacting clause and insert the
2 following:

3 "Sec. 1. RCW 39.96.010 and 2000 c 184 s 1 are each amended to read
4 as follows:

5 The legislature finds and declares that the issuance by state and
6 local governments of bonds and other obligations involves exposure to
7 changes in interest rates; that a number of financial instruments are
8 available to lower the net cost of these borrowings, or to reduce the
9 exposure of state and local governments to changes in interest rates;
10 that these reduced costs for state and local governments will benefit
11 taxpayers and ratepayers; and that the legislature desires to provide
12 state and local governments with express statutory authority to take
13 advantage of these instruments. In recognition of the complexity of
14 these financial instruments, the legislature desires that this
15 authority be subject to certain limitations(~~(, and be granted for a~~
16 ~~period of twelve years)~~).

17 **Sec. 2.** RCW 39.96.020 and 2003 c 47 s 1 are each amended to read
18 as follows:

19 The definitions in this section apply throughout this chapter
20 unless the context clearly requires otherwise.

21 (1) "Financial advisor" means a financial services or financial
22 advisory firm:

23 (a) With recognized knowledge and experience in connection with the
24 negotiation and execution of payment agreements;

25 (b) That is acting solely as financial advisor to the governmental
26 entity in connection with the execution of the payment agreement and
27 the issuance or incurring of any related obligations, and not as a
28 principal, placement agent, purchaser, underwriter, or other similar

1 party, and that does not control, nor is it controlled by or under
2 common control with, any such party;

3 (c) That is compensated for its services in connection with the
4 execution of payment agreements, either directly or indirectly, solely
5 by the governmental entity; and

6 (d) Whose compensation is not based on a percentage of the notional
7 amount of the payment agreement or of the principal amount of any
8 related obligations.

9 (2) "Governmental entity" means state government or local
10 government.

11 (3) "Local government" means any city, county, city transportation
12 authority, regional transit authority established under chapter 81.112
13 RCW, port district, public hospital district, or public utility
14 district, or any joint operating agency formed under RCW 43.52.360,
15 that has or will have outstanding obligations in an aggregate principal
16 amount of at least one hundred million dollars as of the date a payment
17 agreement is executed or is scheduled by its terms to commence or had
18 at least one hundred million dollars in gross revenues during the
19 preceding calendar year.

20 (4) "Obligations" means bonds, notes, bond anticipation notes,
21 commercial paper, or other obligations for borrowed money, or lease,
22 installment purchase, or other similar financing agreements or
23 certificates of participation in such agreements.

24 (5) "Payment agreement" means a written agreement which provides
25 for an exchange of payments based on interest rates, or for ceilings or
26 floors on these payments, or an option on these payments, or any
27 combination, entered into on either a current or forward basis.

28 (6) "State government" means (a) the state of Washington, acting by
29 and through its state finance committee, (b) the Washington health care
30 facilities authority, (c) the Washington higher education facilities
31 authority, (d) the Washington state housing finance commission, or (e)
32 the state finance committee upon adoption of a resolution approving a
33 payment agreement on behalf of any state institution of higher
34 education as defined under RCW 28B.10.016: PROVIDED, That such
35 approval shall not constitute the pledge of the full faith and credit
36 of the state, but a pledge of only those funds specified in the
37 approved agreement.

1 NEW SECTION. **Sec. 3.** RCW 39.96.070 (Payment agreements not
2 allowed after June 30, 2005--Exception) and 2000 c 184 s 3, 1998 c 245
3 s 35, 1995 c 192 s 2, & 1993 c 273 s 7 are each repealed."

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4 On page 1, line 1 of the title, after "agreements;" strike the
5 remainder of the title and insert "amending RCW 39.96.010 and
6 39.96.020; and repealing RCW 39.96.070."

EFFECT: Allows regional transit authorities to participate in
swap agreements.

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