
SUBSTITUTE HOUSE BILL 1288

State of Washington

58th Legislature

2003 Regular Session

By House Committee on Capital Budget (originally sponsored by Representatives Dunshee and Alexander; by request of Office of Financial Management)

READ FIRST TIME 04/23/03.

1 AN ACT Relating to state general obligation bonds and related
2 accounts; amending RCW 28B.50.370 and 28B.20.720; adding a new chapter
3 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.** For the purpose of providing funds to
6 finance the projects described and authorized by the legislature in the
7 capital and operating appropriations acts for the 2003-2005 fiscal
8 biennium, and all costs incidental thereto, the state finance committee
9 is authorized to issue general obligation bonds of the state of
10 Washington in the sum of nine hundred eighty-six million dollars, or as
11 much thereof as may be required, to finance these projects and all
12 costs incidental thereto. Bonds authorized in this section may be sold
13 at such price as the state finance committee shall determine. No bonds
14 authorized in this section may be offered for sale without prior
15 legislative appropriation of the net proceeds of the sale of the bonds.

16 NEW SECTION. **Sec. 2.** The proceeds from the sale of the bonds
17 authorized in section 1 of this act shall be deposited in the state

1 building construction account created by RCW 43.83.020. The net
2 proceeds shall be transferred as follows:

3 (1) Eight hundred twenty million dollars to remain in the state
4 building construction account created by RCW 43.83.020;

5 (2) Twenty-five million dollars to the outdoor recreation account
6 created by RCW 79A.25.060;

7 (3) Twenty-five million dollars to the habitat conservation account
8 created by RCW 79A.15.020;

9 (4) Eighty million dollars to the state taxable building
10 construction account. All receipts from taxable bond issues are to be
11 deposited into the account. If the state finance committee deems it
12 necessary to issue more than eighty million dollars of the bonds
13 authorized in section 1 of this act as taxable bonds in order to comply
14 with federal internal revenue service rules and regulations pertaining
15 to the use of nontaxable bond proceeds, the proceeds of such additional
16 taxable bonds shall be transferred to the state taxable building
17 construction account in lieu of any transfer otherwise provided by this
18 section. The state treasurer shall submit written notice to the
19 director of financial management if it is determined that any such
20 additional transfer to the state taxable building construction account
21 is necessary. Moneys in the account may be spent only after
22 appropriation;

23 (5) Three million six hundred thousand dollars to the University of
24 Washington building account for the UW Bothell/Cascadia Phase 2B
25 Offramp; and

26 (6) Three million six hundred thousand dollars to the capital
27 projects account of the college board for the community and technical
28 colleges for the UW Bothell/Cascadia Phase 2B Offramp.

29 These proceeds shall be used exclusively for the purposes specified
30 in this section and for the payment of expenses incurred in the
31 issuance and sale of the bonds issued for the purposes of this section,
32 and shall be administered by the office of financial management subject
33 to legislative appropriation.

34 NEW SECTION. **Sec. 3.** (1) The legislature intends to provide
35 additional resources for the capital needs of education above the
36 traditional bond-supported level of appropriations in the capital
37 budget. The increased level of bond-supported appropriations is

1 intended to be temporary, over approximately three biennia, before
2 returning to a more traditional base level to ensure the debt service
3 on total outstanding obligations stays well within debt limit
4 provisions.

5 (2) For the purpose of providing funds for necessary capital costs
6 of public higher education institutions and common schools, the state
7 finance committee is authorized to issue general obligation bonds of
8 the state of Washington in the sum of one billion eighty-one million
9 five hundred thousand dollars, or as much thereof as may be required,
10 to finance these projects and all costs incidental thereto. Bonds
11 authorized in this section may be sold at such price as the state
12 finance committee shall determine. No bonds authorized in this section
13 may be offered for sale without prior legislative appropriation of the
14 net proceeds of the sale of the bonds.

15 NEW SECTION. **Sec. 4.** The proceeds from the sale of the bonds
16 authorized in section 3 of this act shall be deposited in the state
17 education building construction account created by section 9 of this
18 act. These proceeds shall be used exclusively for the purposes
19 specified in section 3 of this act and for the payment of expenses
20 incurred in the issuance and sale of the bonds issued for the purposes
21 of this section, and shall be administered by the office of financial
22 management subject to legislative appropriation.

23 NEW SECTION. **Sec. 5.** (1) The debt-limit general fund bond
24 retirement account shall be used for the payment of the principal of
25 and interest on the bonds issued for the purposes of sections 2 (1)
26 through (4) and 3 of this act.

27 (2) The state finance committee shall, on or before June 30th of
28 each year, certify to the state treasurer the amount needed in the
29 ensuing twelve months to meet the bond retirement and interest
30 requirements on the bonds issued for the purposes of sections 2 (1)
31 through (4) and 3 of this act.

32 (3) On each date on which any interest or principal and interest
33 payment is due on bonds issued for the purposes of sections 2 (1)
34 through (4) and 3 of this act the state treasurer shall withdraw from
35 any general state revenues received in the state treasury and deposit

1 in the debt-limit general fund bond retirement account an amount equal
2 to the amount certified by the state finance committee to be due on the
3 payment date.

4 NEW SECTION. **Sec. 6.** (1) The nondebt-limit reimbursable bond
5 retirement account shall be used for the payment of the principal of
6 and interest on the bonds authorized in section 2 (5) and (6) of this
7 act.

8 (2) The state finance committee shall, on or before June 30th of
9 each year, certify to the state treasurer the amount needed in the
10 ensuing twelve months to meet the bond retirement and interest
11 requirements on the bonds issued for the purposes of section 2 (5) and
12 (6) of this act.

13 (3) On each date on which any interest or principal and interest
14 payment is due on bonds issued for the purposes of section 2(6) of this
15 act, the treasurer shall cause to be transferred out of the bond
16 retirement fund of the state board for community and technical colleges
17 under RCW 28B.50.370 to the nondebt-limit reimbursement bond retirement
18 account the amount computed in subsection (2) of this section for bonds
19 issued for the purposes of section 2(6) of this act, and the treasurer
20 shall cause to be transferred out of the bond retirement fund of the
21 University of Washington under RCW 28B.20.720 to the nondebt-limit
22 reimbursement bond retirement account the amount computed in subsection
23 (2) of this section for bonds issued for the purposes of section 2(5)
24 of this act.

25 NEW SECTION. **Sec. 7.** (1) Bonds issued under sections 1 and 3 of
26 this act shall state that they are a general obligation of the state of
27 Washington, shall pledge the full faith and credit of the state to the
28 payment of the principal thereof and the interest thereon, and shall
29 contain an unconditional promise to pay the principal and interest as
30 the same shall become due.

31 (2) The owner and holder of each of the bonds or the trustee for
32 the owner and holder of any of the bonds may by mandamus or other
33 appropriate proceeding require the transfer and payment of funds as
34 directed in this section.

1 NEW SECTION. **Sec. 8.** The legislature may provide additional means
2 for raising moneys for the payment of the principal of and interest on
3 the bonds authorized in sections 1 and 3 of this act, and sections 1
4 through 7 of this act shall not be deemed to provide an exclusive
5 method for the payment.

6 NEW SECTION. **Sec. 9.** The state education building construction
7 account is created in the state treasury. Proceeds from bonds issued
8 under section 3 of this act shall be deposited in the account. The
9 account shall be used for capital costs of public higher education
10 institutions and common schools. Moneys in the account may be spent
11 only after appropriation.

12 **Sec. 10.** RCW 28B.50.370 and 1991 c 238 s 52 are each amended to
13 read as follows:

14 For the purpose of paying and securing the payment of the principal
15 of and interest on the bonds as the same shall become due, there shall
16 be paid into the state treasury and credited to the bond retirement
17 fund of the college board, the following:

18 (1) Amounts derived from building fees as are necessary to pay the
19 principal of and interest on the bonds and to secure the same;

20 (2) Amounts derived from parking fees and operating fees at
21 Cascadia Community College necessary to pay the principal of and
22 interest on the bonds issued for purposes of section 2(6) of this act;

23 (3) Any grants which may be made, or may become available for the
24 purpose of furthering the construction of any authorized projects, or
25 for the repayment of the costs thereof;

26 (~~(3)~~) (4) Such additional funds as the legislature may provide.

27 Said bond retirement fund shall be kept segregated from all moneys
28 in the state treasury and shall, while any of such bonds or any
29 interest thereon remains unpaid, be available solely for the payment
30 thereof. As a part of the contract of sale of such bonds, the college
31 board shall charge and collect building fees as established by this
32 chapter and deposit such fees in the bond retirement fund in amounts
33 which will be sufficient to pay and secure the payment of the principal
34 of, and interest on all such bonds outstanding.

1 **Sec. 11.** RCW 28B.20.720 and 1985 c 390 s 39 are each amended to
2 read as follows:

3 For the purpose of paying and securing the payment of the principal
4 of and interest on the bonds as the same shall become due, there shall
5 be paid into the state treasury and credited to a special trust fund to
6 be known as the University of Washington bond retirement fund, the
7 following:

8 (1) One-half of such building fees as the board may from time to
9 time determine, or such larger portion as may be necessary to prevent
10 default in the payments required to be made out of the bond retirement
11 fund, and in no event shall such one-half be less than twelve dollars
12 and fifty cents per each resident student per quarter and less than
13 thirty-seven dollars and fifty cents per each nonresident student per
14 quarter;

15 (2) Amounts derived from parking fees and operating fees at
16 University of Washington Bothell necessary to pay the principal of and
17 interest on the bonds issued for purposes of section 2(5) of this act;

18 (3) Any gifts, bequests, or grants which may be made, or may become
19 available, for the purpose of furthering the construction of any
20 authorized projects, or for the repayment of the costs thereof;

21 (~~(+3)~~) (4) Such additional funds as the legislature may provide.

22 Said bond retirement fund shall be kept segregated from all moneys
23 in the state treasury and shall, while any of such bonds or any
24 interest thereon remains unpaid, be available solely for the payment
25 thereof except as provided in RCW 28B.20.725(5). As a part of the
26 contract of sale of such bonds, the board undertakes to charge and
27 collect building fees and to deposit the portion of such fees in the
28 bond retirement fund in amounts which will be sufficient to pay the
29 principal of, and interest on all such bonds outstanding.

30 NEW SECTION. **Sec. 12.** Sections 1 through 9 of this act constitute
31 a new chapter in Title 43 RCW.

32 NEW SECTION. **Sec. 13.** If any provision of this act or its
33 application to any person or circumstance is held invalid, the
34 remainder of the act or the application of the provision to other
35 persons or circumstances is not affected.

1 NEW SECTION. **Sec. 14.** This act is necessary for the immediate
2 preservation of the public peace, health, or safety, or support of the
3 state government and its existing public institutions, and takes effect
4 immediately.

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