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SENATE BILL 5402

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State of Washington

58th Legislature

2003 Regular Session

By Senators Zarelli, Poulsen and Fairley; by request of Office of Financial Management

Read first time 01/23/2003. Referred to Committee on Ways & Means.

1 AN ACT Relating to state general obligation bonds and related  
2 accounts; amending RCW 39.42.060; adding a new chapter to Title 43 RCW;  
3 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 appropriation 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 one billion two hundred seventy-six million  
11 dollars, or as much thereof as may be required, to finance these  
12 projects and all costs incidental thereto. Bonds authorized in this  
13 section may be sold at such price as the state finance committee shall  
14 determine. No bonds authorized in this section may be offered for sale  
15 without prior legislative appropriation of the net proceeds of the sale  
16 of the bonds.

17 NEW SECTION. **Sec. 2.** The proceeds from the sale of the bonds

1 authorized in section 1 of this act shall be deposited in the state  
2 building construction account created by RCW 43.83.020. The proceeds  
3 shall be transferred as follows:

4 (1) Eight hundred thirty-four million three hundred fifty-seven  
5 thousand dollars to remain in the state building construction account  
6 created by RCW 43.83.020;

7 (2) Fifteen million dollars to the outdoor recreation account  
8 created by RCW 79A.25.060;

9 (3) Fifteen million dollars to the habitat conservation account  
10 created by RCW 79A.15.020;

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

25 (5) Three hundred eleven million nine hundred eight thousand  
26 dollars to the education construction fund created by RCW 43.135.045.

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

32 NEW SECTION. **Sec. 3.** (1) The debt-limit general fund bond  
33 retirement account shall be used for the payment of the principal of  
34 and interest on the bonds authorized in section 2 (1), (2), (3), and  
35 (4) of this act.

36 (2) The state finance committee shall, on or before June 30th of  
37 each year, certify to the state treasurer the amount needed in the

1 ensuing twelve months to meet the bond retirement and interest  
2 requirements on the bonds authorized in section 2 (1), (2), (3), and  
3 (4) of this act.

4 (3) On each date on which any interest or principal and interest  
5 payment is due on bonds issued for the purposes of section 2 (1), (2),  
6 (3), and (4) of this act the state treasurer shall withdraw from any  
7 general state revenues received in the state treasury and deposit in  
8 the debt-limit general fund bond retirement account an amount equal to  
9 the amount certified by the state finance committee to be due on the  
10 payment date.

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

14 (2) The state finance committee shall, on or before June 30th of  
15 each year, certify to the state treasurer the amount needed in the  
16 ensuing twelve months to meet the bond retirement and interest  
17 requirements on the bonds authorized in section 2(5) of this act.

18 (3) On each date on which any interest or principal and interest  
19 payment is due on bonds issued for the purposes of section 2(5) of this  
20 act, the treasurer shall cause to be transferred out of the education  
21 construction fund to the nondebt-limit reimbursement bond retirement  
22 account the amount computed in subsection (2) of this section for bonds  
23 issued for the purposes of section 2(5) of this act.

24 NEW SECTION. **Sec. 5.** (1) Bonds issued under sections 1 through 4  
25 of this act shall state that they are a general obligation of the state  
26 of Washington, shall pledge the full faith and credit of the state to  
27 the payment of the principal thereof and the interest thereon, and  
28 shall contain an unconditional promise to pay the principal and  
29 interest as the same shall become due.

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

34 NEW SECTION. **Sec. 6.** The legislature may provide additional means  
35 for raising moneys for the payment of the principal of and interest on

1 the bonds authorized in section 1 of this act, and sections 2 through  
2 4 of this act shall not be deemed to provide an exclusive method for  
3 the payment.

4 **Sec. 7.** RCW 39.42.060 and 2002 c 240 s 7 are each amended to read  
5 as follows:

6 No bonds, notes, or other evidences of indebtedness for borrowed  
7 money shall be issued by the state which will cause the aggregate debt  
8 contracted by the state to exceed that amount for which payments of  
9 principal and interest in any fiscal year would require the state to  
10 expend more than seven percent of the arithmetic mean of its general  
11 state revenues, as defined in RCW 39.42.070, for the three immediately  
12 preceding fiscal years as certified by the treasurer in accordance with  
13 RCW 39.42.070. It shall be the duty of the state finance committee to  
14 compute annually the amount required to pay principal of and interest  
15 on outstanding debt. In making such computation, the state finance  
16 committee shall include all borrowed money represented by bonds, notes,  
17 or other evidences of indebtedness which are secured by the full faith  
18 and credit of the state or are required to be paid, directly or  
19 indirectly, from general state revenues and which are incurred by the  
20 state, any department, authority, public corporation or quasi public  
21 corporation of the state, any state university or college, or any other  
22 public agency created by the state but not by counties, cities, towns,  
23 school districts, or other municipal corporations, and shall include  
24 debt incurred pursuant to section 3 of Article VIII of the Washington  
25 state Constitution, but shall exclude the following:

26 (1) Obligations for the payment of current expenses of state  
27 government;

28 (2) Indebtedness incurred pursuant to RCW 39.42.080 or 39.42.090;

29 (3) Principal of and interest on bond anticipation notes;

30 (4) Any indebtedness which has been refunded;

31 (5) Financing contracts entered into under chapter 39.94 RCW;

32 (6) Indebtedness authorized or incurred before July 1, 1993,  
33 pursuant to statute which requires that the state treasury be  
34 reimbursed, in the amount of the principal of and the interest on such  
35 indebtedness, from money other than general state revenues or from the  
36 special excise tax imposed pursuant to chapter 67.40 RCW;

1 (7) Indebtedness authorized and incurred after July 1, 1993,  
2 pursuant to statute that requires that the state treasury be  
3 reimbursed, in the amount of the principal of and the interest on such  
4 indebtedness, from (a) moneys outside the state treasury, except higher  
5 education operating fees, (b) higher education building fees, (c)  
6 indirect costs recovered from federal grants and contracts, and (d)  
7 fees and charges associated with hospitals operated or managed by  
8 institutions of higher education;

9 (8) Any agreement, promissory note, or other instrument entered  
10 into by the state finance committee under RCW 39.42.030 in connection  
11 with its acquisition of bond insurance, letters of credit, or other  
12 credit support instruments for the purpose of guaranteeing the payment  
13 or enhancing the marketability, or both, of any state bonds, notes, or  
14 other evidence of indebtedness;

15 (9) Indebtedness incurred for the purposes identified in RCW  
16 43.99N.020;

17 (10) Indebtedness incurred for the purposes of the school district  
18 bond guaranty established by chapter 39.98 RCW;

19 (11) Indebtedness incurred for the purposes of replacing the  
20 waterproof membrane over the east plaza garage and revising related  
21 landscaping construction pursuant to RCW 43.99Q.070; ~~((and))~~

22 (12) Indebtedness incurred for the purposes of the state  
23 legislative building rehabilitation, to the extent that principal and  
24 interest payments of such indebtedness are paid from the capitol  
25 building construction account pursuant to RCW 43.99Q.140(2)(b); and

26 (13) Indebtedness incurred for the purposes of education program  
27 construction for the common schools and higher education as authorized  
28 in section 2(5) of this act.

29 To the extent necessary because of the constitutional or statutory  
30 debt limitation, priorities with respect to the issuance or  
31 guaranteeing of bonds, notes, or other evidences of indebtedness by the  
32 state shall be determined by the state finance committee.

33 NEW SECTION. Sec. 8. Sections 1 through 6 of this act constitute  
34 a new chapter in Title 43 RCW.

35 NEW SECTION. Sec. 9. If any provision of this act or its

1 application to any person or circumstance is held invalid, the  
2 remainder of the act or the application of the provision to other  
3 persons or circumstances is not affected.

4 NEW SECTION. **Sec. 10.** This act is necessary for the immediate  
5 preservation of the public peace, health, or safety, or support of the  
6 state government and its existing public institutions, and takes effect  
7 immediately.

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