

---

HOUSE JOINT RESOLUTION 4224

---

State of Washington                      61st Legislature                      2010 Regular Session

By Representatives Hasegawa, Hudgins, Chase, and Goodman

Read first time 02/03/10.      Referred to Committee on Financial Institutions & Insurance.

1            BE IT RESOLVED, BY THE SENATE AND HOUSE OF REPRESENTATIVES OF THE  
2 STATE OF WASHINGTON, IN LEGISLATIVE SESSION ASSEMBLED:

3            THAT, At the next general election to be held in this state the  
4 secretary of state shall submit to the qualified voters of the state  
5 for their approval and ratification, or rejection, an amendment to  
6 Article VIII, sections 1, 3, 4, and 5 and Article XII, section 9 of the  
7 Constitution of the state of Washington and an amendment to Article  
8 VIII of the Constitution of the state of Washington by adding a new  
9 section to read as follows:

10           Article VIII, section . . . . The legislature may create a state  
11 bank of Washington. The bank may borrow, lend state moneys, or invest  
12 in businesses in any manner allowed by the legislature.

13           Article VIII, section 1. (a) The state may contract debt, the  
14 principal of which shall be paid and discharged within thirty years  
15 from the time of contracting thereof, in the manner set forth herein.

16           (b) The aggregate debt contracted by the state shall not exceed  
17 that amount for which payments of principal and interest in any fiscal  
18 year would require the state to expend more than nine percent of the  
19 arithmetic mean of its general state revenues for the three immediately

1 preceding fiscal years as certified by the treasurer. The term "fiscal  
2 year" means that period of time commencing July 1 of any year and  
3 ending on June 30 of the following year. The debt of a state bank  
4 shall not be calculated as part of the aggregate debt under this  
5 section.

6 (c) The term "general state revenues" when used in this section,  
7 shall include all state money received in the treasury from each and  
8 every source whatsoever except: (1) Fees and revenues derived from the  
9 ownership or operation of any undertaking, facility, or project; (2)  
10 Moneys received as gifts, grants, donations, aid, or assistance or  
11 otherwise from the United States or any department, bureau, or  
12 corporation thereof, or any person, firm, or corporation, public or  
13 private, when the terms and conditions of such gift, grant, donation,  
14 aid, or assistance require the application and disbursement of such  
15 moneys otherwise than for the general purposes of the state of  
16 Washington; (3) Moneys to be paid into and received from retirement  
17 system funds, and performance bonds and deposits; (4) Moneys to be paid  
18 into and received from trust funds including but not limited to moneys  
19 received from taxes levied for specific purposes and the several  
20 permanent and irreducible funds of the state and the moneys derived  
21 therefrom but excluding bond redemption funds; (5) Proceeds received  
22 from the sale of bonds or other evidences of indebtedness.

23 (d) In computing the amount required for payment of principal and  
24 interest on outstanding debt under this section, debt shall be  
25 construed to mean borrowed money represented by bonds, notes, or other  
26 evidences of indebtedness which are secured by the full faith and  
27 credit of the state or are required to be repaid, directly or  
28 indirectly, from general state revenues and which are incurred by the  
29 state, any department, authority, public corporation, or quasi public  
30 corporation of the state, any state university or college, or any other  
31 public agency created by the state but not by counties, cities, towns,  
32 school districts, or other municipal corporations, but shall not  
33 include obligations for the payment of current expenses of state  
34 government, nor shall it include debt hereafter incurred pursuant to  
35 section 3 of this article, obligations guaranteed as provided for in  
36 subsection (g) of this section, principal of bond anticipation notes or  
37 obligations issued to fund or refund the indebtedness of the Washington  
38 state building authority.

1 (e) The state may pledge the full faith, credit, and taxing power  
2 of the state to guarantee the voter approved general obligation debt of  
3 school districts in the manner authorized by the legislature. Any such  
4 guarantee does not remove the debt obligation of the school district  
5 and is not state debt.

6 (f) The state may, without limitation, fund or refund, at or prior  
7 to maturity, the whole or any part of any existing debt or of any debt  
8 hereafter contracted pursuant to section 1, section 2, or section 3 of  
9 this article, including any premium payable with respect thereto and  
10 interest thereon, or fund or refund, at or prior to maturity, the whole  
11 or any part of any indebtedness incurred or authorized prior to the  
12 effective date of this amendment by any entity of the type described in  
13 subsection (h) of this section, including any premium payable with  
14 respect thereto and any interest thereon. Such funding or refunding  
15 shall not be deemed to be contracting debt by the state.

16 (g) Notwithstanding the limitation contained in subsection (b) of  
17 this section, the state may pledge its full faith, credit, and taxing  
18 power to guarantee the payment of any obligation payable from revenues  
19 received from any of the following sources: (1) Fees collected by the  
20 state as license fees for motor vehicles; (2) Excise taxes collected by  
21 the state on the sale, distribution or use of motor vehicle fuel; and  
22 (3) Interest on the permanent common school fund: *Provided*, That the  
23 legislature shall, at all times, provide sufficient revenues from such  
24 sources to pay the principal and interest due on all obligations for  
25 which said source of revenue is pledged.

26 (h) No money shall be paid from funds in custody of the treasurer  
27 with respect to any debt contracted after the effective date of this  
28 amendment by the Washington state building authority, the capitol  
29 committee, or any similar entity existing or operating for similar  
30 purposes pursuant to which such entity undertakes to finance or provide  
31 a facility for use or occupancy by the state or any agency, department,  
32 or instrumentality thereof.

33 (i) The legislature shall prescribe all matters relating to the  
34 contracting, funding or refunding of debt pursuant to this section,  
35 including: The purposes for which debt may be contracted; by a  
36 favorable vote of three-fifths of the members elected to each house,  
37 the amount of debt which may be contracted for any class of such  
38 purposes; the kinds of notes, bonds, or other evidences of debt which

1 may be issued by the state; and the manner by which the treasurer shall  
2 determine and advise the legislature, any appropriate agency, officer,  
3 or instrumentality of the state as to the available debt capacity  
4 within the limitation set forth in this section. The legislature may  
5 delegate to any state officer, agency, or instrumentality any of its  
6 powers relating to the contracting, funding or refunding of debt  
7 pursuant to this section except its power to determine the amount and  
8 purposes for which debt may be contracted.

9 (j) The full faith, credit, and taxing power of the state of  
10 Washington are pledged to the payment of the debt created on behalf of  
11 the state pursuant to this section and the legislature shall provide by  
12 appropriation for the payment of the interest upon and installments of  
13 principal of all such debt as the same falls due, but in any event, any  
14 court of record may compel such payment.

15 (k) Notwithstanding the limitations contained in subsection (b) of  
16 this section, the state may issue certificates of indebtedness in such  
17 sum or sums as may be necessary to meet temporary deficiencies of the  
18 treasury, to preserve the best interests of the state in the conduct of  
19 the various state institutions, departments, bureaus, and agencies  
20 during each fiscal year; such certificates may be issued only to  
21 provide for appropriations already made by the legislature and such  
22 certificates must be retired and the debt discharged other than by  
23 refunding within twelve months after the date of incurrence.

24 (l) Bonds, notes, or other obligations issued and sold by the state  
25 of Washington pursuant to and in conformity with this article shall not  
26 be invalid for any irregularity or defect in the proceedings of the  
27 issuance or sale thereof and shall be incontestable in the hands of a  
28 bona fide purchaser or holder thereof.

29 Article VIII, section 3. Except the debt specified in sections one  
30 (~~and~~), two, and . . . . (the new section added to Article VIII by  
31 this resolution) of this article, no debts shall hereafter be  
32 contracted by, or on behalf of this state, unless such debt shall be  
33 authorized by law for some single work or object to be distinctly  
34 specified therein. No such law shall take effect until it shall, at a  
35 general election, or a special election called for that purpose, have  
36 been submitted to the people and have received a majority of all the  
37 votes cast for and against it at such election.

38 Article VIII, section 4. No moneys shall ever be paid out of the

1 treasury of this state, or any of its funds, or any of the funds under  
2 its management, except in pursuance of an appropriation by law; nor  
3 unless such payment be made within one calendar month after the end of  
4 the next ensuing fiscal biennium, and every such law making a new  
5 appropriation, or continuing or reviving an appropriation, shall  
6 distinctly specify the sum appropriated, and the object to which it is  
7 to be applied, and it shall not be sufficient for such law to refer to  
8 any other law to fix such sum. This section does not apply to moneys  
9 disbursed in relation to a state bank.

10 Article VIII, section 5. The credit of the state shall not, in any  
11 manner be given or loaned to, or in aid of, any individual,  
12 association, company or corporation. This section does not apply to  
13 moneys loaned by a state bank.

14 Article XII, section 9. The state shall not in any manner loan its  
15 credit, nor shall it subscribe to, or be interested in the stock of any  
16 company, association or corporation. This section does not apply to  
17 the transactions of a state bank.

18 BE IT FURTHER RESOLVED, That this amendment is a single amendment  
19 within the meaning of Article XXIII, section 1 of the state  
20 Constitution.

21 The legislature finds that the changes contained in this amendment  
22 constitute a single integrated plan for a state bank of Washington. If  
23 this amendment is held to be separate amendments, this joint resolution  
24 is void in its entirety and is of no further force and effect.

25 BE IT FURTHER RESOLVED, That the secretary of state shall cause  
26 notice of this constitutional amendment to be published at least four  
27 times during the four weeks next preceding the election in every legal  
28 newspaper in the state.

--- END ---