
SENATE BILL 5537

State of Washington 61st Legislature 2009 Regular Session

By Senator Fraser; by request of Office of Financial Management

Read first time 01/26/09. Referred to Committee on Ways & Means.

1 AN ACT Relating to having one debt limit by eliminating the
2 statutory debt limit; amending RCW 28A.525.210, 28B.142.010,
3 28B.142.030, 39.94.010, 39.94.030, 43.99H.060, 43.99N.110, 43.99Q.120,
4 and 43.99Q.130; repealing RCW 39.42.060; providing an effective date;
5 and declaring an emergency.

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

7 NEW SECTION. **Sec. 1.** RCW 39.42.060 (Limitation on issuance of
8 evidences of indebtedness--Annual computation of amount required to pay
9 on outstanding debt) and 2008 c 179 s 301, 2003 c 147 s 13, 2002 c 240
10 s 7, 2001 2nd sp.s. c 9 s 18, 1999 c 273 s 9, 1997 c 220 s 220, & 1993
11 c 52 s 1 are each repealed.

12 **Sec. 2.** RCW 28A.525.210 and 1984 c 266 s 1 are each amended to
13 read as follows:

14 It is the intent of the legislature to authorize general obligation
15 bonds of the state of Washington for common school plant facilities
16 which provides for the reimbursement of the state treasury for
17 principal and interest payments and which therefore is not subject to
18 ((the)) statutory limitations on indebtedness ((under RCW 39.42.060)).

1 **Sec. 3.** RCW 28B.142.010 and 2007 c 24 s 2 are each amended to read
2 as follows:

3 The board of regents of the University of Washington and Washington
4 State University may issue bonds, notes, or other evidences of
5 indebtedness for any university purpose. The board of regents of the
6 University of Washington and Washington State University may obligate
7 all or a component of the fees and revenues of the university for the
8 payment of such bonds, notes, or evidences of indebtedness: PROVIDED,
9 That such fees and revenues are not subject to appropriation by the
10 legislature and do not constitute general state revenues as defined in
11 Article VIII, section 1 of the state Constitution or general state
12 revenues for the purpose of calculating statutory limits on state
13 indebtedness (~~((pursuant to RCW 39.42.060))~~). Such bonds, notes, and
14 other indebtedness shall not constitute bonds, notes, or other
15 evidences of indebtedness secured by the full faith and credit of the
16 state or required to be paid, directly or indirectly, from general
17 state revenues for the purposes of (~~(RCW 39.42.060))~~) a statutory limit
18 on state indebtedness. Bonds, notes, or other evidences of
19 indebtedness issued under this chapter shall be issued in accordance
20 with the procedures in RCW 28B.10.310 and 28B.10.315 or the provisions
21 applicable to either the state or local governments under chapter 39.46
22 or 39.53 RCW.

23 **Sec. 4.** RCW 28B.142.030 and 2007 c 24 s 4 are each amended to read
24 as follows:

25 The board of regents of the University of Washington may issue
26 bonds, notes, or other evidences of indebtedness under this section for
27 the purpose of refinancing real and personal property acquired by the
28 University of Washington during the period between August and October
29 2006. The board of regents of the University of Washington may
30 obligate all or a component of the fees and revenues of the university
31 for the payment of such bonds, notes, or evidences of indebtedness:
32 PROVIDED, That such fees and revenues are not subject to appropriation
33 by the legislature and do not constitute general state revenues as
34 defined in Article VIII, section 1 of the state Constitution or general
35 state revenues for the purpose of calculating statutory limits on state
36 indebtedness (~~((pursuant to RCW 39.42.060))~~). Bonds, notes, or other
37 evidences of indebtedness issued under this section shall be issued in

1 accordance with the procedures in RCW 28B.10.310 and 28B.10.315 or the
2 provisions applicable to either the state or local governments under
3 chapter 39.46 or 39.53 RCW. Such bonds, notes, and other indebtedness
4 shall not constitute bonds, notes, or other evidences of indebtedness
5 secured by the full faith and credit of the state or required to be
6 paid, directly or indirectly, from general state revenues for the
7 purposes of (~~RCW 39.42.060~~) a statutory limit on state indebtedness.

8 **Sec. 5.** RCW 39.94.010 and 1998 c 291 s 2 are each amended to read
9 as follows:

10 The purposes of this chapter are to confirm the authority of the
11 state, its agencies, departments, and instrumentalities, the state
12 board for community and technical colleges, and the state institutions
13 of higher education to enter into contracts for the acquisition of real
14 and personal property which provide for payments over a term of more
15 than one year and to exclude such contracts from the computation of
16 indebtedness under (~~RCW 39.42.060 and~~) Article VIII, section 1 of the
17 state Constitution. It is further the purpose of this chapter to
18 permit the state, its agencies, departments, and instrumentalities, the
19 state board for community and technical colleges, and the state
20 institutions of higher education to enter into financing contracts
21 which make provision for the issuance of certificates of participation
22 and other financing structures. Financing contracts of the state,
23 whether or not entered into under this chapter, shall be subject to
24 approval by the state finance committee except as provided in this
25 chapter.

26 This chapter shall be liberally construed to effect its purposes.

27 **Sec. 6.** RCW 39.94.030 and 1998 c 291 s 4 are each amended to read
28 as follows:

29 (1) The state may enter into financing contracts for itself or on
30 behalf of an other agency for the use and acquisition for public
31 purposes of real and personal property. Payments under financing
32 contracts of the state shall be made by the state from currently
33 appropriated funds or funds not constituting "general state revenues"
34 as defined in Article VIII, section 1 of the state Constitution.
35 Except as provided in subsection (4)(b) of this section, payments under
36 financing contracts of the state on behalf of any other agency shall be

1 made solely from the sources identified in the financing contract,
2 which may not obligate general state revenues as defined in Article
3 VII, section 1 of the state Constitution. The treasurer of an other
4 agency shall remit payments under financing contracts to the office of
5 the state treasurer or to the state treasurer's designee. In the event
6 of any deficiency of payments by an other agency under a financing
7 contract, the treasurer of the other agency shall transfer any legally
8 available funds of the other agency in satisfaction of the other
9 agency's obligations under the financing contract if such funds have
10 been obligated by the other agency under the financing contract and, if
11 such deficiency is not thereby cured, the office of the state treasurer
12 is directed to withdraw from that agency's share of state revenues for
13 distribution or other money an amount sufficient to fulfill the terms
14 and conditions of the financing contract. The term of any financing
15 contract shall not exceed thirty years or the remaining useful life of
16 the property, whichever is shorter. Financing contracts may include
17 other terms and conditions agreed upon by the parties.

18 (2) The state for itself or on behalf of an other agency may enter
19 into contracts for credit enhancement, which shall limit the recourse
20 of the provider of credit enhancement solely to the security provided
21 under the financing contract secured by the credit enhancement.

22 (3) The state or an other agency may grant a security interest in
23 real or personal property acquired under financing contracts. The
24 security interest may be perfected as provided by the uniform
25 commercial code - secured transactions, or otherwise as provided by law
26 for perfecting liens on real estate. Other terms and conditions may be
27 included as agreed upon by the parties.

28 (4)(a) Except under (b) of this subsection, financing contracts and
29 contracts for credit enhancement entered into under the limitations set
30 forth in this chapter shall not constitute a debt or the contracting of
31 indebtedness under (~~RCW 39.42.060 or~~) any (~~other~~) law limiting debt
32 of the state. It is the intent of the legislature that such contracts
33 also shall not constitute a debt or the contracting of indebtedness
34 under Article VIII, section 1 of the state Constitution. Certificates
35 of participation in payments to be made under financing contracts also
36 shall not constitute a debt or the contracting of an indebtedness under
37 (~~RCW 39.42.060~~) any law limiting debt of the state if payment is
38 conditioned upon payment by the state under the financing contract with

1 respect to which the same relates. It is the intent of the legislature
2 that such certificates also shall not constitute a debt or the
3 contracting of indebtedness under Article VIII, section 1 of the state
4 Constitution if payment of the certificates is conditioned upon payment
5 by the state under the financing contract with respect to which those
6 certificates relate.

7 (b) A financing contract made by the state on behalf of an other
8 agency may be secured by the pledge of revenues of the other agency or
9 other agency's full faith and credit or may, at the option of the state
10 finance committee, include a contingent obligation by the state for
11 payment under such financing contract.

12 **Sec. 7.** RCW 43.99H.060 and 1991 sp.s. c 31 s 15 are each amended
13 to read as follows:

14 (1) For bonds issued for the purposes of RCW 43.99H.020(16), on
15 each date on which any interest or principal and interest payment is
16 due, the board of regents or the board of trustees of Washington State
17 University shall cause the amount computed in RCW 43.99H.040(1) to be
18 paid out of the appropriate building account or capital projects
19 account to the state treasurer for deposit into the general fund of the
20 state treasury.

21 (2) For bonds issued for the purposes of RCW 43.99H.020(15), on
22 each date on which any interest or principal and interest payment is
23 due, the state treasurer shall transfer the amount computed in RCW
24 43.99H.040(2) from the capitol campus reserve account, hereby created
25 in the state treasury, to the general fund of the state treasury. At
26 the time of sale of the bonds issued for the purposes of RCW
27 43.99H.020(15), and on or before June 30th of each succeeding year
28 while such bonds remain outstanding, the state finance committee shall
29 determine, based on current balances and estimated receipts and
30 expenditures from the capitol campus reserve account, that portion of
31 principal and interest on such RCW 43.99H.020(15) bonds which will, by
32 virtue of payments from the capitol campus reserve account, be
33 reimbursed from sources other than "general state revenues" as that
34 term is defined in Article VIII, section 1 of the state Constitution.
35 The amount so determined by the state finance committee, as from time
36 to time adjusted in accordance with this subsection, shall not

1 constitute indebtedness for purposes of (~~the limitations set forth in~~
2 ~~RCW 39.42.060~~) a statutory limitation on state indebtedness.

3 (3) For bonds issued for the purposes of RCW 43.99H.020(17), on
4 each date on which any interest or principal and interest payment is
5 due, the director of the department of labor and industries shall cause
6 fifty percent of the amount computed in RCW 43.99H.040(3) to be
7 transferred from the accident fund created in RCW 51.44.010 and fifty
8 percent of the amount computed in RCW 43.99H.040(3) to be transferred
9 from the medical aid fund created in RCW 51.44.020, to the general fund
10 of the state treasury.

11 (4) For bonds issued for the purposes of RCW 43.99H.020(18), on
12 each date on which any interest or principal and interest payment is
13 due, the board of regents of the University of Washington shall cause
14 the amount computed in RCW 43.99H.040(4) to be paid out of University
15 of Washington nonappropriated local funds to the state treasurer for
16 deposit into the general fund of the state treasury.

17 (5) For bonds issued for the purposes of RCW 43.99H.020(20), on
18 each date on which any interest or principal and interest payment is
19 due, the state treasurer shall transfer the amount computed in RCW
20 43.99H.040(5) from the public safety and education account created in
21 RCW 43.08.250 to the general fund of the state treasury.

22 (6) For bonds issued for the purposes of RCW 43.99H.020(4), on each
23 date on which any interest or principal and interest payment is due,
24 the state treasurer shall transfer from property taxes in the state
25 general fund levied for the support of the common schools under RCW
26 84.52.065 to the general fund of the state treasury for unrestricted
27 use the amount computed in RCW 43.99H.040(6).

28 **Sec. 8.** RCW 43.99N.110 and 1997 c 220 s 219 are each amended to
29 read as follows:

30 The bonds authorized for the purposes identified in RCW 43.99N.020
31 are exempt from (~~the~~) statutory limitations of indebtedness (~~under~~
32 ~~RCW 39.42.060~~)).

33 **Sec. 9.** RCW 43.99Q.120 and 2001 2nd sp.s. c 9 s 13 are each
34 amended to read as follows:

35 The legislature finds that it is necessary to complete the
36 rehabilitation of the state legislative building, to extend the useful

1 life of the building, and provide for the permanent relocation of
2 offices displaced by the rehabilitation and create new space for public
3 uses.

4 Furthermore, it is the intent of the legislature to fund the
5 majority of the rehabilitation and construction using bonds repaid by
6 the capitol building construction account, as provided for in the
7 enabling act and dedicated by the federal government for the sole
8 purpose of establishing a state capitol, to fund the cash elements of
9 the project using capital project surcharge revenues in the Thurston
10 county capital facilities account, and to support the establishment of
11 a private foundation to engage the public in the preservation of the
12 state legislative building and raise private funds for restoration and
13 educational efforts. The bonds repaid by the capitol building
14 construction account, whose revenues are from the sale of capitol
15 building lands, timber, or other materials, shall be exempt from
16 ~~((the))~~ a statutory limitation on state debt ~~((limit under RCW~~
17 ~~39.42.060))~~, and if at any time the capitol building construction
18 account has insufficient revenues to repay the bonds, the legislature
19 may provide additional means for the payment of the bonds, but any such
20 additional means shall be subject to the state debt limit.

21 **Sec. 10.** RCW 43.99Q.130 and 2001 2nd sp.s. c 9 s 14 are each
22 amended to read as follows:

23 For the purpose of providing funds for the planning, design,
24 construction, and other necessary costs for the rehabilitation of the
25 state legislative building, the state finance committee is authorized
26 to issue general obligation bonds of the state of Washington in the sum
27 of eighty-two million five hundred ten thousand dollars or as much
28 thereof as may be required to finance the rehabilitation and
29 improvements to the legislative building and all costs incidental
30 thereto. The approved rehabilitation plan includes costs associated
31 with earthquake repairs and future earthquake mitigation and allows for
32 associated relocation costs and the acquisition of appropriate
33 relocation space. Bonds authorized in this section shall not
34 constitute indebtedness for purposes of ~~((the limitations set forth in~~
35 ~~RCW 39.42.060))~~ a statutory limitation on state indebtedness, to the
36 extent that the bond payments are paid from the capitol building
37 construction account. Bonds authorized in this section may be sold at

1 a price the state finance committee determines. No bonds authorized in
2 this section may be offered for sale without prior legislative
3 appropriation of the net proceeds of the sale of the bonds. The
4 proceeds of the sale of the bonds issued for the purposes of this
5 section shall be deposited in the capitol historic district
6 construction account hereby created in the state treasury. These
7 proceeds shall be used exclusively for the purposes specified in this
8 section and for the payment of expenses incurred in the issuance and
9 sale of the bonds issued for the purposes of this section, and shall be
10 administered by the office of financial management subject to
11 legislative appropriation.

12 NEW SECTION. **Sec. 11.** This act is necessary for the immediate
13 preservation of the public peace, health, or safety, or support of the
14 state government and its existing public institutions, and takes effect
15 July 1, 2009.

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