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**SUBSTITUTE HOUSE BILL 1166**

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**State of Washington**

**64th Legislature**

**2015 Regular Session**

**By** House Capital Budget (originally sponsored by Representatives Dunshee, Gregerson, and DeBolt; by request of Governor Inslee)

READ FIRST TIME 04/01/15.

1 AN ACT Relating to state general obligation bonds and related  
2 accounts; amending RCW 43.99Y.010 and 43.99Y.020; adding a new  
3 chapter 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  
7 the omnibus capital and operating appropriations acts for the  
8 2015-2017 fiscal biennium, and all costs incidental thereto, the  
9 state finance committee is authorized to issue general obligation  
10 bonds of the state of Washington in the sum of two billion two  
11 hundred nine million fifty-two thousand dollars, or as much thereof  
12 as may be required, to finance these projects and all costs  
13 incidental thereto. Bonds authorized in this section may be sold at  
14 such price as the state finance committee shall determine. No bonds  
15 authorized in this section may be offered for sale without prior  
16 legislative appropriation of the net proceeds of the sale of the  
17 bonds.

18 NEW SECTION. **Sec. 2.** (1) The proceeds from the sale of bonds  
19 authorized in section 1 of this act shall be deposited in the state

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

3 (a) Two billion thirty-nine million seven hundred seventy-seven  
4 thousand dollars to remain in the state building construction account  
5 created by RCW 43.83.020;

6 (b) One hundred fourteen million one hundred thousand dollars to  
7 the state taxable building construction account. All receipts from  
8 taxable bond issued are to be deposited into the account. If the  
9 state finance committee deems it necessary or advantageous to issue  
10 more than the amount specified in this subsection (1)(b) as taxable  
11 bonds in order to comply with federal internal revenue service rules  
12 and regulations pertaining to the use of nontaxable bond proceeds or  
13 in order to reduce the total financing costs for bonds issued, the  
14 proceeds of such additional taxable bonds shall be transferred to the  
15 state taxable building construction account in lieu of any transfer  
16 otherwise provided by this section. If the state finance committee  
17 determines that a portion of the amount specified in this subsection  
18 (1)(b) as taxable bonds may be issued as nontaxable bonds in  
19 compliance with federal internal revenue service rules and  
20 regulations pertaining to the use of nontaxable bond proceeds, then  
21 such bond proceeds shall be transferred to the state building  
22 construction account in lieu of the transfer to the state taxable  
23 building construction account otherwise provided by this subsection  
24 (1)(b). The state treasurer shall submit written notice to the  
25 director of financial management if it is determined that any such  
26 additional transfer to the state taxable building construction  
27 account is necessary or that a transfer from the state taxable  
28 building construction account to the state building construction  
29 account may be made. Moneys in the account may be spent only after  
30 appropriation.

31 (c) The treasurer shall transfer bond proceeds deposited in the  
32 state building construction account into the outdoor recreation  
33 account created by RCW 79A.25.060, the habitat conservation account  
34 created by RCW 79A.15.020, the riparian protection account created by  
35 RCW 79A.15.120, and the farmlands preservation account created by RCW  
36 79A.15.130 at various times and in various amounts necessary to  
37 support authorized expenditures from those accounts.

38 (2) These proceeds shall be used exclusively for the purposes  
39 specified in this section and for the payment of expenses incurred in  
40 the issuance and sale of the bonds issued for the purposes of this

1 section, and shall be administered by the office of financial  
2 management subject to legislative appropriation.

3 NEW SECTION. **Sec. 3.** (1) The debt-limit general fund bond  
4 retirement account shall be used for the payment of the principal of  
5 and interest on the bonds authorized in section 2(1) (a) through (c)  
6 of this act.

7 (2) The state finance committee shall, on or before June 30th of  
8 each year, certify to the state treasurer the amount needed in the  
9 ensuing twelve months to meet the bond retirement and interest  
10 requirements on the bonds authorized in section 2(1) (a) through (c)  
11 of this act.

12 (3) On each date on which any interest or principal and interest  
13 payment is due on bonds issued for the purposes of section 2(1) (a)  
14 through (c) of this act the state treasurer shall withdraw from any  
15 general state revenues received in the state treasury and deposit in  
16 the debt-limit general fund bond retirement account an amount equal  
17 to the amount certified by the state finance committee to be due on  
18 the payment date.

19 NEW SECTION. **Sec. 4.** (1) Bonds issued under sections 1 through  
20 3 of this act shall state that they are a general obligation of the  
21 state of Washington, shall pledge the full faith and credit of the  
22 state to the payment of the principal thereof and the interest  
23 thereon, and shall contain an unconditional promise to pay the  
24 principal and interest as the same shall become due.

25 (2) The owner and holder of each of the bonds or the trustee for  
26 the owner and holder of any of the bonds may by mandamus or other  
27 appropriate proceeding require the transfer and payment of funds as  
28 directed in this section.

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

34 **Sec. 6.** RCW 43.99Y.010 and 2013 2nd sp.s. c 20 s 1 are each  
35 amended to read as follows:

1 For the purpose of providing funds to finance the projects  
2 described and authorized by the legislature in the capital and  
3 operating appropriations acts for the 2011-2013 and 2013-2015 fiscal  
4 biennia, and all costs incidental thereto, the state finance  
5 committee is authorized to issue general obligation bonds of the  
6 state of Washington in the sum of (~~two billion thirty-six~~) one  
7 billion nine hundred thirteen million three hundred ninety-six  
8 thousand dollars, or as much thereof as may be required, to finance  
9 these projects and all costs incidental thereto. Bonds authorized in  
10 this section may be sold at such price as the state finance committee  
11 shall determine. No bonds authorized in this section may be offered  
12 for sale without prior legislative appropriation of the net proceeds  
13 of the sale of the bonds.

14 **Sec. 7.** RCW 43.99Y.020 and 2013 2nd sp.s. c 20 s 2 are each  
15 amended to read as follows:

16 (1) The proceeds from the sale of bonds authorized in RCW  
17 43.99Y.010 shall be deposited in the state building construction  
18 account created by RCW 43.83.020. The proceeds shall be transferred  
19 as follows:

20 (a) One billion (~~six hundred seventy~~) five hundred forty-nine  
21 million (~~six~~) two hundred (~~eighty-five~~) twenty-nine thousand  
22 dollars to remain in the state building construction account created  
23 by RCW 43.83.020;

24 (b) Twenty-five million five hundred thousand dollars to the  
25 outdoor recreation account created by RCW 79A.25.060;

26 (c) Twenty-five million five hundred thousand dollars to the  
27 habitat conservation account created by RCW 79A.15.020;

28 (d) Eight million five hundred thousand dollars to the riparian  
29 protection account created by RCW 79A.15.120;

30 (e) Five million five hundred thousand dollars to the farmlands  
31 preservation account created by RCW 79A.15.130;

32 (f) Two hundred seventy-nine million five hundred thousand  
33 dollars to the state taxable building construction account. All  
34 receipts from taxable bond issues are to be deposited into the  
35 account. If the state finance committee deems it necessary or  
36 advantageous to issue more than the amount specified in this  
37 subsection (1)(f) as taxable bonds in order to comply with federal  
38 internal revenue service rules and regulations pertaining to the use  
39 of nontaxable bond proceeds or in order to reduce the total financing

1 costs for bonds issued, the proceeds of such additional taxable bonds  
2 shall be transferred to the state taxable building construction  
3 account in lieu of any transfer otherwise provided by this section.  
4 If the state finance committee determines that a portion of the  
5 amount specified in this subsection (1)(f) as taxable bonds may be  
6 issued as nontaxable bonds in compliance with federal internal  
7 revenue service rules and regulations pertaining to the use of  
8 nontaxable bond proceeds, then such bond proceeds shall be  
9 transferred to the state building construction account in lieu of the  
10 transfer to the state taxable building construction account otherwise  
11 provided by this subsection (1)(f). The state treasurer shall submit  
12 written notice to the director of financial management if it is  
13 determined that any such additional transfer to the state taxable  
14 building construction account is necessary. Moneys in the account may  
15 be spent only after appropriation.

16 (2) These proceeds shall be used exclusively for the purposes  
17 specified in this section and for the payment of expenses incurred in  
18 the issuance and sale of the bonds issued for the purposes of this  
19 section, and shall be administered by the office of financial  
20 management subject to legislative appropriation.

21 NEW SECTION. **Sec. 8.** Sections 1 through 5 of this act  
22 constitute a new chapter in Title 43 RCW.

23 NEW SECTION. **Sec. 9.** If any provision of this act or its  
24 application to any person or circumstance is held invalid, the  
25 remainder of the act or the application of the provision to other  
26 persons or circumstances is not affected.

27 NEW SECTION. **Sec. 10.** This act is necessary for the immediate  
28 preservation of the public peace, health, or safety, or support of  
29 the state government and its existing public institutions, and takes  
30 effect immediately.

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