

1 flooding have been declared in Washington, with every county
2 receiving at least one declaration.

3 (b) In addition, the legislature finds that flooding events and
4 statewide impacts will increase in the future. A November 2015
5 University of Washington report projects: Increases in the extent and
6 frequency of flooding; increased intensity of heavy rain events
7 leading to increased flood risks in all Puget Sound watersheds;
8 extended reach of storm surges due to sea level rise, increasing the
9 risk of coastal area inundation; and winter flood risk increases in
10 snow accumulating watersheds due to receding snowlines.

11 (2)(a) The legislature intends to address this crisis by
12 committing significant state resources to the implementation of flood
13 risk reduction and habitat restoration projects that protect property
14 and people, and that enhance habitat for aquatic species in the
15 state.

16 (b) The legislature intends that funding provided by
17 chapter . . . , Laws of 2016 (this act) achieve significant and
18 measurable reduction in flood damage and enhancement of aquatic
19 species.

20 (c) The legislature directs state and local agencies to find ways
21 to minimize costs of implementation and to process project-related
22 permit applications expeditiously.

23 NEW SECTION. **Sec. 102.** DEFINITIONS. The definitions in this
24 section apply throughout this chapter unless the context clearly
25 requires otherwise.

26 (1) "Department" means the department of ecology.

27 (2) "Office" means the office of flood risk reduction and habitat
28 restoration established in section 103 of this act.

29 (3) "Project" means a proposal from a sponsor for flood risk
30 reduction and habitat restoration infrastructure and activities that
31 advance the priorities provided in sections 103 and 104 of this act.

32 (4) "Project sponsor" or "sponsor" means an agency as defined in
33 RCW 42.56.010, a federally recognized Indian tribe, or a federal
34 agency that operates flood risk reduction and habitat restoration
35 projects in the state.

36 NEW SECTION. **Sec. 103.** OFFICE ESTABLISHED. (1) The office of
37 flood risk reduction and habitat restoration is established in the
38 department of ecology. The primary purpose of the office is to

1 administer a competitive grant program, as described in section 104
2 of this act, which actively supports the implementation of projects
3 that reduce the risk of flooding, protect against damage caused by
4 floods, and protect or restore naturally functioning areas where
5 floods occur.

6 (2) In operating the office, the department must follow, to the
7 greatest extent practicable, the model being used to administer the
8 Columbia river basin water supply program established in chapter 6,
9 Laws of 2006.

10 (3)(a) The office must consult with volunteer advisory groups to
11 ensure that the competitive grant program is administered with due
12 consideration for the views and advice of organizations and
13 individuals who demonstrate concern for flood risk reduction and
14 habitat restoration statewide. The office may seek assistance from
15 volunteer advisory groups with whom the department has consulted on
16 similar projects and may establish, convene, and consult with new
17 volunteer advisory groups.

18 (b) The office must provide for appropriate participation by
19 designees of the state conservation commission and the Puget Sound
20 partnership on the volunteer advisory groups.

21 (c) The office must consider the advice of each advisory group
22 but retains full authority to administer the competitive grant
23 program consistent with this chapter.

24 NEW SECTION. **Sec. 104.** COMPETITIVE GRANTS PROCESS. (1) In every
25 even-numbered year, the office must conduct a competitive application
26 process for flood risk reduction and habitat restoration grants. The
27 office must solicit applications, evaluate all applications
28 submitted, and create a ranked list of projects based on the
29 following criteria, in descending order of importance:

30 (a) The degree to which projects achieve multiple benefits,
31 including, but not limited to: Cost-effective flood hazard reduction
32 to people and property; flood risk reduction; recovery of salmon and
33 other native fish; water quality improvements; habitat restoration;
34 agricultural viability; public access; and channel migration zone
35 protection;

36 (b) Projects in counties that have historically been and are
37 projected to continue to be at greatest risk and most vulnerable to
38 flooding, with a priority for projects that address areas that have
39 experienced multiple emergency flood proclamations;

1 (c) Projects that are consistent with and recommended by a
2 collaborative planning and approval process that involves a broad
3 range of stakeholders, including local governments, Indian tribes,
4 state and federal agencies, the environmental community, local
5 landowners, and other interests that include opportunities for public
6 comment, such as a governor's basin-wide planning process, a salmon
7 recovery plan, a hazard mitigation plan, a comprehensive plan, a
8 watershed plan, or other applicable plans;

9 (d) Projects that address both reduction and prevention of flood
10 risks, and protection or restoration of floodplain ecosystem
11 functions;

12 (e) Projects that minimize or eliminate future damage to or
13 disruption of critical infrastructure, including transportation
14 corridors, economic activity and jobs, and emergency response
15 capability; and

16 (f) Projects that prepare for the uncertain effects of climate
17 change.

18 (2) Projects located in or proposed for the Puget Sound watershed
19 must be evaluated by the Puget Sound partnership for consistency with
20 the Puget Sound action agenda.

21 (3) Project sponsors who apply for funding through the
22 competitive grant process must provide a minimum of twenty percent
23 match of the nonfederal share of project costs, but the office must
24 give a preference to projects that provide a higher level of local or
25 private funding, and must honor preexisting project financial
26 agreements. The match may include funds, commitments, or
27 contributions dedicated to the accomplishment of the project, such
28 as: Cash on hand; the value of real property when acquired solely for
29 the purpose of the project; the proceeds of a letter of credit or
30 other binding loan commitment; a pledge commitment; and in-kind
31 contributions, including private and local government funds. Project
32 sponsors may receive credit for properly documented matching funds
33 that were contributed no earlier than ten years prior to the
34 effective date of this section and that were dedicated to the
35 accomplishment of the project or were incurred for remediation and
36 recovery from past damage that the project is intended to remedy
37 where damage exceeded fifty million dollars. The office shall develop
38 criteria for documenting the value of the match.

39 (4)(a) Before finalizing its ranked list, the office must make
40 the preliminary ranked list available to the public and solicit

1 public comment for at least thirty days after the date the
2 preliminary ranked list is made available.

3 (b) After considering public comments and before November 1st,
4 the department must recommend to the governor a ranked list of all
5 projects to be funded. The ranked list must be concurrently provided
6 to the appropriate fiscal and policy committees of the legislature.

7 (c) The governor may remove projects from the ranked list
8 recommended by the department, but may not add projects to the list.
9 The governor must submit a ranked project list to the legislature.

10 (d) The legislature may remove projects from the list recommended
11 by the governor.

12 (e) The department may not sign contracts or otherwise
13 financially obligate funds from either of the accounts created in
14 section 207 or 208 of this act before the legislature has
15 appropriated funds for a specific list of projects.

16 (5) The department must manage available resources in a fiscally
17 prudent manner. In recommending projects and managing available
18 resources, the department must consider the annual cash flow
19 requirements of major projects that receive appropriations expected
20 to cross multiple biennia. To effectively monitor expected revenues
21 and expenditures, the department must develop a comprehensive ten-
22 year financing report that identifies long-term cash flow
23 requirements for approved and recommended projects, projected
24 revenues, and year-end account balances. In recommending major
25 multibiennial projects, the department must include separate budget
26 estimates for all phases of the projects, including expected future
27 biennium appropriations.

28 (6) No provision of chapter . . . , Laws of 2016 (this act) alters
29 or diminishes existing legal obligations to complete environmental
30 reviews and obtain necessary permits for any project.

31 NEW SECTION. **Sec. 105.** CONDEMNATION. Moneys made available
32 under chapter . . . , Laws of 2016 (this act) may not be used to
33 acquire land through condemnation.

34 NEW SECTION. **Sec. 106.** ACCOUNTABILITY, REPORTS, AND AUDITS. (1)
35 The office must monitor progress in completing projects and achieving
36 expected outcomes. The department must submit biennial reports to the
37 legislature detailing the use of funds under chapter . . . , Laws of
38 2016 (this act).

1 (2) The joint legislative audit and review committee must conduct
2 at least one performance audit every ten years to provide an
3 objective and systematic assessment of whether funds provided under
4 chapter . . . , Laws of 2016 (this act) are being used in an effective
5 and efficient manner.

6 (3) The joint legislative audit and review committee must work
7 with the office and the department to determine if appropriate and
8 reliable benefit/cost methodologies exist that might inform the
9 ranking process specified in section 104 of this act.

10 **PART II**
11 **PROJECT FINANCING**

12 NEW SECTION. **Sec. 201.** BOND AUTHORIZATION. For the purpose of
13 providing funds to finance legislatively approved flood risk
14 reduction and habitat restoration projects, and all costs incidental
15 thereto, the state finance committee is authorized to issue general
16 obligation bonds of the state of Washington in the sum of one billion
17 dollars, or as much thereof as may be required. Bonds authorized in
18 this section may be sold at such price as the state finance committee
19 shall determine. No bonds authorized in this section may be offered
20 for sale without prior legislative appropriation of the net proceeds
21 of the sale of the bonds.

22 NEW SECTION. **Sec. 202.** PHASED APPROPRIATION OF BOND PROCEEDS.
23 It is the intent of the legislature that the proceeds of the new
24 bonds authorized in section 201 of this act will be appropriated in
25 phases over five biennia, beginning with the 2017-2019 biennium. This
26 is not intended to limit the legislature's ability to appropriate
27 bond proceeds if the full amount authorized in section 201 of this
28 act has not been appropriated after five biennia. The authorization
29 to issue bonds contained in section 201 of this act does not expire
30 until the full authorization has been appropriated and issued.

31 NEW SECTION. **Sec. 203.** DEPOSIT OF BOND PROCEEDS. The proceeds
32 from the sale of the bonds authorized in section 201 of this act
33 shall be deposited in the flood risk reduction and habitat
34 restoration account created in section 207 of this act. If the state
35 finance committee deems it necessary or advantageous to issue the
36 bonds authorized in section 201 of this act as taxable bonds in order

1 to comply with federal internal revenue service rules and regulations
2 pertaining to the use of nontaxable bond proceeds, the proceeds of
3 such taxable bonds shall be transferred to the flood risk reduction
4 and habitat restoration taxable account created in section 208 of
5 this act in lieu of any deposit otherwise provided by this section.
6 The state treasurer shall submit written notice to the director of
7 financial management if it is determined that any such transfer to
8 the flood risk reduction and habitat restoration taxable account is
9 necessary.

10 NEW SECTION. **Sec. 204.** BOND RETIREMENT. (1) The debt-limit
11 general fund bond retirement account shall be used for the payment of
12 the principal of and interest on the bonds authorized in section 201
13 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.

18 (3) On each date on which any interest or principal and interest
19 payment is due, the state treasurer shall withdraw from any general
20 state revenues received in the state treasury and deposit in the
21 debt-limit general fund bond retirement account an amount equal to
22 the amount certified by the state finance committee to be due on the
23 payment date.

24 NEW SECTION. **Sec. 205.** PAYMENT OF DEBT SERVICE. (1) Bonds
25 issued under section 201 of this act shall state that they are a
26 general obligation of the state of Washington, shall pledge the full
27 faith and credit of the state to the payment of the principal thereof
28 and the interest thereon, and shall contain an unconditional promise
29 to pay the principal and 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 (3) The legislature may provide additional means for raising
35 moneys for the payment of the principal of and interest on the bonds
36 authorized in section 201 of this act, and subsection (1) of this
37 section shall not be deemed to provide an exclusive method for the
38 payment.

1 **Sec. 302.** RCW 43.84.092 and 2015 3rd sp.s. c 44 s 107 and 2015
2 3rd sp.s. c 12 s 3 and are each reenacted and amended to read as
3 follows:

4 (1) All earnings of investments of surplus balances in the state
5 treasury shall be deposited to the treasury income account, which
6 account is hereby established in the state treasury.

7 (2) The treasury income account shall be utilized to pay or
8 receive funds associated with federal programs as required by the
9 federal cash management improvement act of 1990. The treasury income
10 account is subject in all respects to chapter 43.88 RCW, but no
11 appropriation is required for refunds or allocations of interest
12 earnings required by the cash management improvement act. Refunds of
13 interest to the federal treasury required under the cash management
14 improvement act fall under RCW 43.88.180 and shall not require
15 appropriation. The office of financial management shall determine the
16 amounts due to or from the federal government pursuant to the cash
17 management improvement act. The office of financial management may
18 direct transfers of funds between accounts as deemed necessary to
19 implement the provisions of the cash management improvement act, and
20 this subsection. Refunds or allocations shall occur prior to the
21 distributions of earnings set forth in subsection (4) of this
22 section.

23 (3) Except for the provisions of RCW 43.84.160, the treasury
24 income account may be utilized for the payment of purchased banking
25 services on behalf of treasury funds including, but not limited to,
26 depository, safekeeping, and disbursement functions for the state
27 treasury and affected state agencies. The treasury income account is
28 subject in all respects to chapter 43.88 RCW, but no appropriation is
29 required for payments to financial institutions. Payments shall occur
30 prior to distribution of earnings set forth in subsection (4) of this
31 section.

32 (4) Monthly, the state treasurer shall distribute the earnings
33 credited to the treasury income account. The state treasurer shall
34 credit the general fund with all the earnings credited to the
35 treasury income account except:

36 (a) The following accounts and funds shall receive their
37 proportionate share of earnings based upon each account's and fund's
38 average daily balance for the period: The aeronautics account, the
39 aircraft search and rescue account, the Alaskan Way viaduct
40 replacement project account, the brownfield redevelopment trust fund

1 account, the budget stabilization account, the capital vessel
2 replacement account, the capitol building construction account, the
3 Cedar River channel construction and operation account, the Central
4 Washington University capital projects account, the charitable,
5 educational, penal and reformatory institutions account, the cleanup
6 settlement account, the Columbia river basin water supply development
7 account, the Columbia river basin taxable bond water supply
8 development account, the Columbia river basin water supply revenue
9 recovery account, the common school construction fund, the community
10 forest trust account, the connecting Washington account, the county
11 arterial preservation account, the county criminal justice assistance
12 account, the deferred compensation administrative account, the
13 deferred compensation principal account, the department of licensing
14 services account, the department of retirement systems expense
15 account, the developmental disabilities community trust account, the
16 diesel idle reduction account, the drinking water assistance account,
17 the drinking water assistance administrative account, the drinking
18 water assistance repayment account, the Eastern Washington University
19 capital projects account, the Interstate 405 express toll lanes
20 operations account, the education construction fund, the education
21 legacy trust account, the election account, the electric vehicle
22 charging infrastructure account, the energy freedom account, the
23 energy recovery act account, the essential rail assistance account,
24 The Evergreen State College capital projects account, the federal
25 forest revolving account, the ferry bond retirement fund, the flood
26 risk reduction and habitat restoration account, the flood risk
27 reduction and habitat restoration taxable account, the freight
28 mobility investment account, the freight mobility multimodal account,
29 the grade crossing protective fund, the public health services
30 account, the high capacity transportation account, the state higher
31 education construction account, the higher education construction
32 account, the highway bond retirement fund, the highway infrastructure
33 account, the highway safety fund, the high occupancy toll lanes
34 operations account, the hospital safety net assessment fund, the
35 industrial insurance premium refund account, the judges' retirement
36 account, the judicial retirement administrative account, the judicial
37 retirement principal account, the local leasehold excise tax account,
38 the local real estate excise tax account, the local sales and use tax
39 account, the marine resources stewardship trust account, the medical
40 aid account, the mobile home park relocation fund, the motor vehicle

1 fund, the motorcycle safety education account, the multimodal
2 transportation account, the multiuse roadway safety account, the
3 municipal criminal justice assistance account, the natural resources
4 deposit account, the oyster reserve land account, the pension funding
5 stabilization account, the perpetual surveillance and maintenance
6 account, the public employees' retirement system plan 1 account, the
7 public employees' retirement system combined plan 2 and plan 3
8 account, the public facilities construction loan revolving account
9 beginning July 1, 2004, the public health supplemental account, the
10 public works assistance account, the Puget Sound capital construction
11 account, the Puget Sound ferry operations account, the Puget Sound
12 taxpayer accountability account, the real estate appraiser commission
13 account, the recreational vehicle account, the regional mobility
14 grant program account, the resource management cost account, the
15 rural arterial trust account, the rural mobility grant program
16 account, the rural Washington loan fund, the site closure account,
17 the skilled nursing facility safety net trust fund, the small city
18 pavement and sidewalk account, the special category C account, the
19 special wildlife account, the state employees' insurance account, the
20 state employees' insurance reserve account, the state investment
21 board expense account, the state investment board commingled trust
22 fund accounts, the state patrol highway account, the state route
23 number 520 civil penalties account, the state route number 520
24 corridor account, the state wildlife account, the supplemental
25 pension account, the Tacoma Narrows toll bridge account, the
26 teachers' retirement system plan 1 account, the teachers' retirement
27 system combined plan 2 and plan 3 account, the tobacco prevention and
28 control account, the tobacco settlement account, the toll facility
29 bond retirement account, the transportation 2003 account (nickel
30 account), the transportation equipment fund, the transportation fund,
31 the transportation future funding program account, the transportation
32 improvement account, the transportation improvement board bond
33 retirement account, the transportation infrastructure account, the
34 transportation partnership account, the traumatic brain injury
35 account, the tuition recovery trust fund, the University of
36 Washington bond retirement fund, the University of Washington
37 building account, the volunteer firefighters' and reserve officers'
38 relief and pension principal fund, the volunteer firefighters' and
39 reserve officers' administrative fund, the Washington judicial
40 retirement system account, the Washington law enforcement officers'

1 and firefighters' system plan 1 retirement account, the Washington
2 law enforcement officers' and firefighters' system plan 2 retirement
3 account, the Washington public safety employees' plan 2 retirement
4 account, the Washington school employees' retirement system combined
5 plan 2 and 3 account, the Washington state health insurance pool
6 account, the Washington state patrol retirement account, the
7 Washington State University building account, the Washington State
8 University bond retirement fund, the water pollution control
9 revolving administration account, the water pollution control
10 revolving fund, the Western Washington University capital projects
11 account, the Yakima integrated plan implementation account, the
12 Yakima integrated plan implementation revenue recovery account, and
13 the Yakima integrated plan implementation taxable bond account.
14 Earnings derived from investing balances of the agricultural
15 permanent fund, the normal school permanent fund, the permanent
16 common school fund, the scientific permanent fund, the state
17 university permanent fund, and the state reclamation revolving
18 account shall be allocated to their respective beneficiary accounts.

19 (b) Any state agency that has independent authority over accounts
20 or funds not statutorily required to be held in the state treasury
21 that deposits funds into a fund or account in the state treasury
22 pursuant to an agreement with the office of the state treasurer shall
23 receive its proportionate share of earnings based upon each account's
24 or fund's average daily balance for the period.

25 (5) In conformance with Article II, section 37 of the state
26 Constitution, no treasury accounts or funds shall be allocated
27 earnings without the specific affirmative directive of this section.

28 NEW SECTION. **Sec. 303.** Sections 101 through 106 of this act
29 constitute a new chapter in Title 70 RCW.

30 NEW SECTION. **Sec. 304.** Sections 201 through 208 of this act are
31 each added to chapter 43.99G RCW and codified with the subchapter
32 heading of "2016 BOND ISSUE FOR FLOOD RISK REDUCTION AND HABITAT
33 RESTORATION PROJECTS."

34 NEW SECTION. **Sec. 305.** If any provision of this act or its
35 application to any person or circumstance is held invalid, the

1 remainder of the act or the application of the provision to other
2 persons or circumstances is not affected.

--- END ---