
SUBSTITUTE HOUSE BILL 1154

State of Washington

66th Legislature

2020 Regular Session

By House Capital Budget (originally sponsored by Representative DeBolt)

READ FIRST TIME 02/11/20.

1 AN ACT Relating to financing of Chehalis basin flood damage
2 reduction and habitat restoration projects; reenacting and amending
3 RCW 43.84.092; adding a new section to chapter 43.21A RCW; and adding
4 new sections to chapter 43.99G RCW.

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

6 NEW SECTION. **Sec. 1.** BOND AUTHORIZATION. For the purpose of
7 providing funds to finance Chehalis basin flood damage reduction and
8 aquatic species habitat restoration projects, and all costs
9 incidental thereto, the state finance committee is authorized to
10 issue general obligation bonds of the state of Washington in the sum
11 of seven hundred million dollars, or as much thereof as may be
12 required. Bonds authorized in this section may be sold at such price
13 as the state finance committee shall determine. No bonds authorized
14 in this section may be offered for sale without prior legislative
15 appropriation of the net proceeds of the sale of the bonds.

16 NEW SECTION. **Sec. 2.** PHASED APPROPRIATION OF BOND PROCEEDS. It
17 is the intent of the legislature that the proceeds of the new bonds
18 authorized in section 1 of this act will be appropriated in phases
19 over ten biennia, beginning with the 2021-2023 biennium. This is not
20 intended to limit the legislature's ability to appropriate bond

1 proceeds if the full amount authorized in section 1 of this act has
2 not been appropriated after ten biennia. The authorization to issue
3 bonds contained in section 1 of this act does not expire until the
4 full authorization has been appropriated and issued.

5 NEW SECTION. **Sec. 3.** DEPOSIT OF BOND PROCEEDS. The proceeds
6 from the sale of the bonds authorized in section 1 of this act shall
7 be deposited in the Chehalis basin account created in RCW 43.21A.733.
8 If the state finance committee deems it necessary or advantageous to
9 issue the bonds authorized in section 1 of this act as taxable bonds
10 in order to comply with federal internal revenue service rules and
11 regulations pertaining to the use of nontaxable bond proceeds, the
12 proceeds of such taxable bonds shall be transferred to the Chehalis
13 basin taxable account created in section 8 of this act in lieu of any
14 deposit otherwise provided by this section. The state treasurer shall
15 submit written notice to the director of financial management if it
16 is determined that any such transfer to the Chehalis basin taxable
17 account is necessary.

18 NEW SECTION. **Sec. 4.** BOND RETIREMENT. (1) The debt-limit
19 general fund bond retirement account shall be used for the payment of
20 the principal of and interest on the bonds authorized in section 1 of
21 this act.

22 (2) The state finance committee shall, on or before June 30th of
23 each year, certify to the state treasurer the amount needed in the
24 ensuing twelve months to meet the bond retirement and interest
25 requirements.

26 (3) On each date on which any interest or principal and interest
27 payment is due, the state treasurer shall withdraw from any general
28 state revenues received in the state treasury and deposit in the
29 debt-limit general fund bond retirement account an amount equal to
30 the amount certified by the state finance committee to be due on the
31 payment date.

32 NEW SECTION. **Sec. 5.** PAYMENT OF DEBT SERVICE. (1) Bonds issued
33 under section 1 of this act shall state that they are a general
34 obligation of the state of Washington, shall pledge the full faith
35 and credit of the state to the payment of the principal thereof and
36 the interest thereon, and shall contain an unconditional promise to
37 pay the principal and interest as the same shall become due.

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

5 (3) The legislature may provide additional means for raising
6 moneys for the payment of the principal of and interest on the bonds
7 authorized in section 1 of this act, and subsection (1) of this
8 section shall not be deemed to provide an exclusive method for the
9 payment.

10 NEW SECTION. **Sec. 6.** LEGAL INVESTMENT. The bonds authorized in
11 section 1 of this act shall be a legal investment for all state funds
12 or funds under state control and for all funds of any other public
13 body.

14 NEW SECTION. **Sec. 7.** FUND ALLOCATION REQUIREMENTS. All
15 allocations of funds appropriated under this act toward Chehalis
16 basin flood damage reduction and aquatic species habitat restoration
17 projects must be determined by the Chehalis board created under RCW
18 43.21A.731. Allocation decisions by the board must be approved by at
19 least six of seven voting members. The board must ensure that the
20 full amount authorized in section 1 of this act is allocated equally
21 for both purposes, Chehalis basin flood damage reduction projects and
22 aquatic species habitat restoration projects. Individual allocation
23 amounts for each purpose are not required to be equal; however, the
24 cumulative amount allocated for each purpose must be equal when the
25 authorization to issue bonds contained in section 1 of this act
26 expires.

27 NEW SECTION. **Sec. 8.** A new section is added to chapter 43.21A
28 RCW to read as follows:

29 CHEHALIS BASIN TAXABLE ACCOUNT CREATED. The Chehalis basin
30 taxable account is created in the state treasury. All receipts from
31 the proceeds of taxable bonds issued as authorized under section 1 of
32 this act, or transferred as authorized under section 3 of this act,
33 must be deposited in the account. Interest earned by deposits in the
34 account will be retained in the account. Moneys in the account may be
35 spent only after appropriation. Expenditures from the account may be
36 used only for the purposes set out in RCW 43.21A.730 and for the
37 payment of expenses incurred in the issuance and sale of the bonds.

1 **Sec. 9.** RCW 43.84.092 and 2019 c 421 s 15, 2019 c 403 s 14, 2019
2 c 365 s 19, 2019 c 287 s 19, and 2019 c 95 s 6 are each reenacted and
3 amended to read as 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 abandoned recreational
39 vehicle disposal account, the aeronautics account, the aircraft
40 search and rescue account, the Alaskan Way viaduct replacement

1 project account, the brownfield redevelopment trust fund account, the
2 budget stabilization account, the capital vessel replacement account,
3 the capitol building construction account, the Cedar River channel
4 construction and operation account, the Central Washington University
5 capital projects account, the charitable, educational, penal and
6 reformatory institutions account, the Chehalis basin account, the
7 Chehalis basin taxable account, the cleanup settlement account, the
8 Columbia river basin water supply development account, the Columbia
9 river basin taxable bond water supply development account, the
10 Columbia river basin water supply revenue recovery account, the
11 common school construction fund, the community forest trust account,
12 the connecting Washington account, the county arterial preservation
13 account, the county criminal justice assistance account, the deferred
14 compensation administrative account, the deferred compensation
15 principal account, the department of licensing services account, the
16 department of licensing tuition recovery trust fund, the department
17 of retirement systems expense account, the developmental disabilities
18 community trust account, the diesel idle reduction account, the
19 drinking water assistance account, the drinking water assistance
20 administrative account, the early learning facilities development
21 account, the early learning facilities revolving account, the Eastern
22 Washington University capital projects account, the education
23 construction fund, the education legacy trust account, the election
24 account, the electric vehicle account, the energy freedom account,
25 the energy recovery act account, the essential rail assistance
26 account, The Evergreen State College capital projects account, the
27 federal forest revolving account, the ferry bond retirement fund, the
28 freight mobility investment account, the freight mobility multimodal
29 account, the grade crossing protective fund, the public health
30 services account, the state higher education construction account,
31 the higher education construction account, the highway bond
32 retirement fund, the highway infrastructure account, the highway
33 safety fund, the hospital safety net assessment fund, the industrial
34 insurance premium refund account, the Interstate 405 and state route
35 number 167 express toll lanes 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 money-purchase

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

1 traumatic brain injury account, the tuition recovery trust fund, the
2 University of Washington bond retirement fund, the University of
3 Washington building account, the voluntary cleanup account, the
4 volunteer firefighters' and reserve officers' relief and pension
5 principal fund, the volunteer firefighters' and reserve officers'
6 administrative fund, the vulnerable roadway user education account,
7 the Washington judicial retirement system account, the Washington law
8 enforcement officers' and firefighters' system plan 1 retirement
9 account, the Washington law enforcement officers' and firefighters'
10 system plan 2 retirement account, the Washington public safety
11 employees' plan 2 retirement account, the Washington school
12 employees' retirement system combined plan 2 and 3 account, the
13 Washington state health insurance pool account, the Washington state
14 patrol retirement account, the Washington State University building
15 account, the Washington State University bond retirement fund, the
16 water pollution control revolving administration account, the water
17 pollution control revolving fund, the Western Washington University
18 capital projects account, the Yakima integrated plan implementation
19 account, the Yakima integrated plan implementation revenue recovery
20 account, and the Yakima integrated plan implementation taxable bond
21 account. Earnings derived from investing balances of the agricultural
22 permanent fund, the normal school permanent fund, the permanent
23 common school fund, the scientific permanent fund, the state
24 university permanent fund, and the state reclamation revolving
25 account shall be allocated to their respective beneficiary accounts.

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

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

35 NEW SECTION. **Sec. 10.** Sections 1 through 7 of this act are each
36 added to chapter 43.99G RCW and codified with the subchapter heading
37 of "2020 BOND ISSUE FOR FLOOD DAMAGE REDUCTION AND AQUATIC SPECIES
38 HABITAT RESTORATION PROJECTS."

1 NEW SECTION. **Sec. 11.** If any provision of this act or its
2 application to any person or circumstance is held invalid, the
3 remainder of the act or the application of the provision to other
4 persons or circumstances is not affected.

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