
HOUSE BILL 2021

State of Washington

69th Legislature

2025 Regular Session

By Representatives Steele and Pollet

Read first time 02/24/25. Referred to Committee on Capital Budget.

1 AN ACT Relating to authorizing the public works board to issue
2 bonds for the purpose of financing public works infrastructure
3 projects; amending RCW 43.155.010, 43.155.020, 43.155.040,
4 43.155.060, and 43.155.070; adding new sections to chapter 43.155
5 RCW; and creating a new section.

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

7 **Sec. 1.** RCW 43.155.010 and 2017 3rd sp.s. c 10 s 1 are each
8 amended to read as follows:

9 The legislature finds that there exists in the state of
10 Washington over four billion dollars worth of critical projects for
11 the planning, acquisition, construction, repair, replacement,
12 rehabilitation, or improvement of streets and roads, bridges, water
13 systems, and storm and sanitary sewage systems. The December, 1983
14 Washington state public works report prepared by the planning and
15 community affairs agency documented that local governments expect to
16 be capable of financing over two billion dollars worth of the costs
17 of those critical projects but will not be able to fund nearly half
18 of the documented needs.

19 The legislature further finds that Washington's local governments
20 have unmet financial needs for solid waste disposal, including

1 recycling, and encourages the board to make an equitable geographic
2 distribution of the funds.

3 It is the policy of the state of Washington to encourage self-
4 reliance by local governments in meeting their public works needs and
5 to assist in the financing of critical public works projects by
6 ~~((making loans, grants, financing guarantees, and technical
7 assistance available to local governments for these projects))~~
8 authorizing the public works board, without using public funds or
9 lending the credit of the state or local government, to issue
10 nonrecourse revenue bonds and to participate in federal, state, and
11 local public works infrastructure programs and thereby make
12 additional funds available at affordable rates to help provide public
13 works infrastructure improvements throughout the state.

14 **Sec. 2.** RCW 43.155.020 and 2022 c 180 s 503 are each amended to
15 read as follows:

16 The definitions in this section apply throughout this chapter
17 unless the context clearly requires otherwise.

18 (1) "Board" means the public works board created in RCW
19 43.155.030.

20 (2) "Bonds" means any bonds, notes, debentures, interim
21 certificates, conditional sales or lease financing agreements, lines
22 of credit, forward purchase agreements, investment agreements, and
23 other banking or financial arrangements, guaranties, or other
24 obligations issued by or entered into by the board. Such bonds may be
25 issued on either a tax-exempt or taxable basis.

26 (3) "Capital facility plan" means a capital facility plan
27 required by the growth management act under chapter 36.70A RCW or,
28 for local governments not fully planning under the growth management
29 act, a plan required by the public works board.

30 ~~((3))~~ (4) "Code" means the federal internal revenue code of
31 1954, as now or hereafter amended, and the regulations and rulings
32 promulgated thereunder.

33 (5) "Department" means the department of commerce.

34 ~~((4))~~ (6) "Financing guarantees" means the pledge of money in
35 the public works assistance account, or money to be received by the
36 public works assistance account, to the repayment of all or a portion
37 of the principal of or interest on obligations issued by local
38 governments to finance public works projects.

1 ~~((5))~~ (7) "Local governments" means cities, towns, counties,
2 special purpose districts, and any other municipal corporations or
3 quasi-municipal corporations in the state excluding school districts
4 and port districts.

5 ~~((6))~~ (8) "Public works project" means a project of a local
6 government for the planning, acquisition, construction, repair,
7 reconstruction, replacement, rehabilitation, or improvement of
8 streets and roads, bridges, water systems, or storm and sanitary
9 sewage systems, lead remediation of drinking water systems, and solid
10 waste facilities, including recycling facilities and composting and
11 other organic materials management facilities. A planning project may
12 include the compilation of biological, hydrological, or other data on
13 a county, drainage basin, or region necessary to develop a base of
14 information for a capital facility plan.

15 ~~((7))~~ (9) "Solid waste or recycling project" means remedial
16 actions necessary to bring abandoned or closed landfills into
17 compliance with regulatory requirements and the repair, restoration,
18 and replacement of existing solid waste transfer, recycling
19 facilities, and landfill projects limited to the opening of landfill
20 cells that are in existing and permitted landfills.

21 ~~((8))~~ (10) "Technical assistance" means training and other
22 services provided to local governments to: (a) Help such local
23 governments plan, apply, and qualify for loans, grants, and financing
24 guarantees from the board, and (b) help local governments improve
25 their ability to plan for, finance, acquire, construct, repair,
26 replace, rehabilitate, and maintain public facilities.

27 ~~((9))~~ (11) "Value planning" means a uniform approach to assist
28 in decision making through systematic evaluation of potential
29 alternatives to solving an identified problem.

30 **Sec. 3.** RCW 43.155.040 and 2017 3rd sp.s. c 10 s 4 are each
31 amended to read as follows:

32 The board may:

33 (1) Accept from any state or federal agency, loans or grants for
34 the planning or financing of any public works project and enter into
35 agreements with any such agency concerning the loans or grants;

36 (2) Provide technical assistance to local governments;

37 (3) Accept any gifts, grants, or loans of funds, property, or
38 financial or other aid in any form from any other source on any terms
39 and conditions which are not in conflict with this chapter;

1 (4) Develop a program that provides grants and additional
2 assistance to leverage federal programs, and other opportunities to
3 target deeper financial assistance to communities with economic
4 distress or projects that would result in rate increases to
5 residential utility rates that exceed a determined percentage of
6 median household income;

7 (5) Issue bonds in accordance with the authorities set forth in
8 this chapter;

9 (6) Participate fully in federal and other governmental programs
10 and take such actions as are necessary and consistent with this
11 chapter to secure to itself and the people of the state the benefits
12 of those programs and to meet their requirements, including such
13 actions as the board considers appropriate in order to have the
14 interest payments on its bonds and other obligations treated as tax
15 exempt under the code;

16 (7) Sue and be sued in its own name;

17 (8) Make and execute contracts and all other instruments
18 necessary or convenient for the exercise of its purposes or powers;

19 (9) Open and maintain accounts in qualified public depositories
20 and otherwise provide for the investment of any funds, including
21 funds held in reserve, not required for immediate disbursement, and
22 provide for the selection of investments;

23 (10) Make such expenditures as are appropriate for paying the
24 administrative costs of the board and for carrying out the provisions
25 of this chapter. These expenditures may be made only from funds
26 consisting of the board's receipts from fees and charges, grants and
27 contributions, the proceeds of bonds issued by the board, loan
28 repayments, and other revenues. Expenditures for the administrative
29 costs of the board may not be made from funds of the state of
30 Washington;

31 (11) Establish such special funds, and controls on deposits to
32 and disbursements from them, as it finds convenient for the
33 implementation of this chapter;

34 (12) Conduct such investigations and feasibility studies as it
35 deems appropriate;

36 (13) Subject to any provisions of the board's contracts with the
37 holders of obligations of the board, consent to any modification with
38 respect to rate of interest, time, and payment of any installment of
39 principal or interest or any other term of any contract, mortgage,

1 mortgage loan, mortgage loan commitment, contract, or agreement of
2 any kind;

3 (14) Sell, at public or private sale, with or without public
4 bidding, any mortgage, mortgage loan, or other instrument or asset
5 held by the board;

6 (15) Employ, contract with, or engage engineers, architects,
7 attorneys, financial advisors, bond underwriters, mortgage lenders,
8 mortgage administrators, housing construction or financing experts,
9 other technical or professional assistants, and such other personnel
10 as are necessary. The board may delegate to the appropriate persons
11 the power to execute legal instruments on its behalf;

12 (16) Adopt rules under chapter 34.05 RCW as necessary to carry
13 out the purposes of this chapter;

14 ~~((+6))~~ (17) Do all acts and things necessary or convenient to
15 carry out the powers expressly granted or implied under this chapter.

16 **Sec. 4.** RCW 43.155.060 and 2017 3rd sp.s. c 10 s 6 are each
17 amended to read as follows:

18 (1) In order to aid the financing of public works projects, the
19 board may:

20 (a) Make loans or grants to local governments from the public
21 works assistance account or other funds and accounts for the purpose
22 of assisting local governments in financing public works projects.
23 Money received from local governments in repayment of loans made
24 under this section from the public works assistance account shall be
25 paid into the public works assistance account for uses consistent
26 with this chapter.

27 (b) Pledge money in the public works assistance account, or money
28 to be received by the public works assistance account, to the
29 repayment of all or a portion of the principal of or interest on
30 obligations issued by local governments to finance public works
31 projects. The board shall not pledge any amount greater than the sum
32 of money in the public works assistance account plus money to be
33 received from the payment of the debt service on loans made from that
34 account, nor shall the board pledge the faith and credit or the
35 taxing power of the state or any agency or subdivision thereof to the
36 repayment of obligations issued by any local government.

37 (c) Create such subaccounts in the public works assistance
38 account as the board deems necessary to carry out the purposes of
39 this chapter.

1 (d) Provide a method for the allocation of loans, grants, and
2 financing guarantees and the provision of technical assistance under
3 this chapter.

4 (2) When establishing interest rates for loan programs authorized
5 in this chapter for projects which are supported by a rate base of at
6 least (~~(fifty thousand)~~) 50,000 equivalent residential units, the
7 board must base interest rates on the average daily market interest
8 rate for tax-exempt municipal bonds as published in the bond buyer's
9 index for the period from (~~(sixty)~~) 60 to (~~(thirty)~~) 30 days before
10 the start of the application cycle.

11 (a) For projects with a repayment period between five and
12 (~~(twenty)~~) 20 years, the rate must be (~~(fifty)~~) 50 percent of the
13 market rate.

14 (b) For projects with a repayment period under five years, the
15 rate must be (~~(twenty-five)~~) 25 percent of the market rate.

16 (c) For any year in which the average daily market interest rate
17 for tax-exempt municipal bonds for the period from (~~(sixty)~~) 60 to
18 (~~(thirty)~~) 30 days before the start of an application cycle is nine
19 percent or greater, the board may cap interest rates at four percent
20 for projects with a repayment period between five and (~~(twenty)~~) 20
21 years and at two percent for projects with a repayment period under
22 five years.

23 (d) The board may also provide reduced interest rates, extended
24 repayment periods, or grants for projects that meet financial
25 hardship criteria as measured by the affordability index or similar
26 standard measure of financial hardship. The board may provide reduced
27 interest rates, extended repayment periods, or grants for projects
28 that are supported by a rate base of less than (~~(fifty thousand)~~)
29 50,000 equivalent residential units.

30 (3) All local public works projects aided in whole or in part
31 under the provisions of this chapter shall be put out for competitive
32 bids, except for emergency public works under RCW 43.155.065 for
33 which the recipient jurisdiction shall comply with this requirement
34 to the extent feasible and practicable. The competitive bids called
35 for shall be administered in the same manner as all other public
36 works projects put out for competitive bidding by the local
37 governmental entity aided under this chapter.

38 **Sec. 5.** RCW 43.155.070 and 2021 c 65 s 49 are each amended to
39 read as follows:

1 (1) To qualify for financial assistance under this chapter the
2 board must determine that a local government meets all of the
3 following conditions:

4 (a) The city or county must be imposing a tax under chapter 82.46
5 RCW at a rate of at least (~~(one-quarter-of-one)~~) 0.25 percent;

6 (b) The local government must have developed a capital facility
7 plan; and

8 (c) The local government must be using all local revenue sources
9 which are reasonably available for funding public works, taking into
10 consideration local employment and economic factors.

11 (2) Except where necessary to address a public health need or
12 substantial environmental degradation, a county, city, or town
13 planning under RCW 36.70A.040 may not receive financial assistance
14 under this chapter unless it has adopted a comprehensive plan,
15 including a capital facilities plan element, and development
16 regulations as required by RCW 36.70A.040. This subsection does not
17 require any county, city, or town planning under RCW 36.70A.040 to
18 adopt a comprehensive plan or development regulations before
19 requesting or receiving financial assistance under this chapter if
20 such request is made before the expiration of the time periods
21 specified in RCW 36.70A.040. A county, city, or town planning under
22 RCW 36.70A.040 that has not adopted a comprehensive plan and
23 development regulations within the time periods specified in RCW
24 36.70A.040 may apply for and receive financial assistance under this
25 chapter if the comprehensive plan and development regulations are
26 adopted as required by RCW 36.70A.040 before executing a contractual
27 agreement for financial assistance with the board.

28 (3) In considering awarding financial assistance for public
29 facilities to special districts requesting funding for a proposed
30 facility located in a county, city, or town planning under RCW
31 36.70A.040, the board must consider whether the county, city, or town
32 planning under RCW 36.70A.040 in whose planning jurisdiction the
33 proposed facility is located has adopted a comprehensive plan and
34 development regulations as required by RCW 36.70A.040.

35 (4) (a) The board must develop a process to prioritize
36 applications and funding of loans and grants for public works
37 projects submitted by local governments. The board must consider, at
38 a minimum and in any order, the following factors in prioritizing
39 projects:

- 1 (i) Whether the project is critical in nature and would affect
2 the health and safety of many people;
- 3 (ii) The extent to which the project leverages other funds;
- 4 (iii) The extent to which the project is ready to proceed to
5 construction;
- 6 (iv) Whether the project is located in an area of high
7 unemployment, compared to the average state unemployment;
- 8 (v) Whether the project promotes the sustainable use of resources
9 and environmental quality, as applicable;
- 10 (vi) Whether the project consolidates or regionalizes systems;
- 11 (vii) Whether the project encourages economic development through
12 mixed-use and mixed income development consistent with chapter 36.70A
13 RCW;
- 14 (viii) Whether the system is being well-managed in the present
15 and for long-term sustainability;
- 16 (ix) Achieving equitable distribution of funds by geography and
17 population;
- 18 (x) The extent to which the project meets the following state
19 policy objectives:
- 20 (A) Efficient use of state resources;
- 21 (B) Preservation and enhancement of health and safety;
- 22 (C) Abatement of pollution and protection of the environment;
- 23 (D) Creation of new, family-wage jobs, and avoidance of shifting
24 existing jobs from one Washington state community to another;
- 25 (E) Fostering economic development consistent with chapter 36.70A
26 RCW;
- 27 (F) Efficiency in delivery of goods and services and
28 transportation; and
- 29 (G) Reduction of the overall cost of public infrastructure;
- 30 (xi) Whether the applicant sought or is seeking funding for the
31 project from other sources; and
- 32 (xii) Other criteria that the board considers necessary to
33 achieve the purposes of this chapter.
- 34 (b) Before September 1, 2018, and each year thereafter, the board
35 must develop and submit a report regarding the construction loans and
36 grants to the office of financial management and appropriate fiscal
37 committees of the senate and house of representatives. The report
38 must include:
- 39 (i) The total number of applications and amount of funding
40 requested for public works projects;

1 (ii) A list and description of projects approved in the preceding
2 fiscal year with project scores against the board's prioritization
3 criteria;

4 (iii) The total amount of loan and grants disbursements made from
5 the public works assistance account in the preceding fiscal year;

6 (iv) The total amount of loan repayments in the preceding fiscal
7 year for outstanding loans from the public works assistance account;

8 (v) The total amount of loan repayments due for outstanding loans
9 for each fiscal year over the following (~~ten~~) 10-year period; and

10 (vi) The total amount of funds obligated and timing of when the
11 funds were obligated in the preceding fiscal year.

12 (c) The maximum amount of funding that the board may provide for
13 any jurisdiction is (~~ten million dollars~~) \$10,000,000 per biennium.

14 (5) Existing debt or financial obligations of local governments
15 may not be refinanced under this chapter. Each local government
16 applicant must provide documentation of attempts to secure additional
17 local or other sources of funding for each public works project for
18 which financial assistance is sought under this chapter.

19 (6) Before September 1st of each year, the board must develop and
20 submit to the appropriate fiscal committees of the senate and house
21 of representatives a description of the loans and grants made under
22 RCW 43.155.065 and 43.155.068.

23 (~~(7) (The board may not sign contracts or otherwise financially~~
24 ~~obligate funds from the public works assistance account before the~~
25 ~~legislature has appropriated funds to the board for the purpose of~~
26 ~~funding public works projects under this chapter.~~

27 ~~(8))~~ To qualify for loans, grants, or pledges for solid waste or
28 recycling facilities under this chapter, a city or county must
29 demonstrate that the solid waste or recycling facility is consistent
30 with and necessary to implement the comprehensive solid waste
31 management plan adopted by the city or county under chapter 70A.205
32 RCW.

33 ~~((9))~~ (8) After January 1, 2010, any project designed to
34 address the effects of stormwater or wastewater on Puget Sound may be
35 funded under this section only if the project is not in conflict with
36 the action agenda developed by the Puget Sound partnership under RCW
37 90.71.310.

38 ~~((10))~~ (9) For projects involving repair, replacement, or
39 improvement of a wastewater treatment plant or other public works
40 facility for which an investment grade efficiency audit is reasonably

1 obtainable, the public works board must require as a contract
2 condition that the project sponsor undertake an investment grade
3 efficiency audit. The project sponsor may finance the costs of the
4 audit as part of its public works assistance account program loan or
5 grant.

6 ~~((11))~~ (10) The board must implement policies and procedures
7 designed to maximize local government consideration of other funds to
8 finance local infrastructure.

9 NEW SECTION. **Sec. 6.** A new section is added to chapter 43.155
10 RCW to read as follows:

11 The board does not have the power of eminent domain and the board
12 does not have the power to levy any taxes of any kind.

13 NEW SECTION. **Sec. 7.** A new section is added to chapter 43.155
14 RCW to read as follows:

15 Notwithstanding any other provision of this chapter, the board
16 shall not:

17 (1) Give any state money or property or loan any state money or
18 credit to or in aid of any individual, association, company, or
19 corporation, or become directly or indirectly the owner of any stock
20 in or bonds of any association, company, or corporation;

21 (2) Issue bills of credit or accept deposits of money for time or
22 demand deposit, administer trusts, engage in any form or manner in,
23 or in the conduct of, any private or commercial banking business, or
24 act as a savings bank or savings and loan association other than as
25 provided in this chapter;

26 (3) Be or constitute a bank or trust company within the
27 jurisdiction or under the control of the director of financial
28 institutions, the comptroller of the currency of the United States or
29 the treasury department thereof;

30 (4) Be or constitute a bank or broker or dealer in securities
31 within the meaning of, or subject to the provisions of, any
32 securities, securities exchange, or securities dealers' law of the
33 United States or Washington state;

34 (5) Engage in the financing of housing as provided for in chapter
35 43.180 RCW;

36 (6) Engage in the financing of health care facilities as provided
37 for in chapter 70.37 RCW; or

1 (7) Engage in financing higher education facilities as provided
2 for in chapter 28B.07 RCW.

3 NEW SECTION. **Sec. 8.** A new section is added to chapter 43.155
4 RCW to read as follows:

5 (1) The board shall adopt a general plan of public works
6 infrastructure objectives to be implemented by the board during the
7 period of the plan. The board may exercise the powers authorized
8 under this chapter prior to the adoption of the initial plan.

9 (2) The plan shall include an estimate of the amount of bonds the
10 board will issue during the term of the plan and how bond proceeds
11 will be expended.

12 (3) The plan shall be adopted by resolution of the board
13 following at least one public hearing thereon, notice of which shall
14 be made by mailing to the clerk of the governing body of each county
15 and by publication in the Washington State Register no more than 40
16 and no less than 20 days prior to the hearing. A draft of the plan
17 shall be made available not less than 30 days prior to any such
18 public hearing. At least every two years, the board shall report to
19 the legislature regarding implementation of the plan.

20 (4) The board may periodically update the plan.

21 (5) The board shall adopt rules designed to result in the use of
22 bond proceeds in a manner consistent with the plan. The board may
23 periodically update its rules.

24 (6) This section is designed to deal only with the use of bond
25 proceeds and nothing in this section shall be construed as a
26 limitation on the board's authority to issue bonds.

27 NEW SECTION. **Sec. 9.** A new section is added to chapter 43.155
28 RCW to read as follows:

29 (1) The board shall adopt written policies to provide for the
30 selection of bond counsel. The policies shall provide for the
31 creation and maintenance of a roster of attorneys whom the board
32 believes possess the requisite special expertise and professional
33 standing to provide bond counsel opinions which would be accepted by
34 the underwriters, bondholders, and other members of the financial
35 community, and which would be in furtherance of the public interest
36 in obtaining the lowest possible interest rates on the bonds issued
37 by the board. Any attorney may apply to have the attorney's name
38 placed on the roster, but may not be placed on the roster unless the

1 attorney demonstrates to the board's satisfaction that the attorney
2 would issue the kind of opinions required by this section.

3 (2) Prior to selecting an attorney or attorneys to provide bond
4 counsel services, the board shall provide all attorneys on the roster
5 with a notice of its intentions to select bond counsel and shall
6 invite each of them to submit to the board the attorney's schedule
7 for providing bond counsel services. The board shall have wide
8 discretion in selecting the attorney or attorneys it considers to be
9 most appropriate to provide the services, but in the exercise of this
10 discretion the board shall consider all submitted fee schedules and
11 the public interest in achieving both savings in bond counsel fees
12 and issuance of bonds on terms most favorable to the board. At least
13 once every two calendar years, the board shall select anew an
14 attorney or attorneys to serve as bond counsel. However, the board
15 may retain an attorney for longer than two years when necessary to
16 complete work on a particular bond issue. An attorney previously
17 retained may be selected again but only after the board has provided
18 other attorneys on the roster with an opportunity to be selected and
19 has made the fee schedule review required under this subsection. In
20 addition to or as an alternative to retaining counsel for a period of
21 time, the board may appoint an attorney to serve as counsel in
22 respect to only a particular bond issue.

23 NEW SECTION. **Sec. 10.** A new section is added to chapter 43.155
24 RCW to read as follows:

25 (1) The board shall adopt written policies to provide for the
26 selection of underwriters. The policies shall provide for the
27 creation of a roster of underwriters whom the board believes possess
28 the requisite special expertise and professional standing to provide
29 bond marketing services which would be accepted by bondholders and
30 other members of the financial community, and which would be in
31 furtherance of the public interest in marketing the board's bonds at
32 the lowest possible costs. Any underwriter may apply to have its name
33 placed on the roster, but may not be placed on the roster unless it
34 demonstrates to the board's satisfaction that it meets the
35 requirements of this section.

36 (2) Whenever the board decides that it needs the services of an
37 underwriter, it shall provide all underwriters on the roster with a
38 notice of its intentions and shall invite each of them to submit to
39 the board an itemization of its fees and other charges for providing

1 underwriting services on the issue. The itemization shall be by
2 categories designed by the board. The board shall have wide
3 discretion in selecting the underwriter it considers to be most
4 appropriate to provide the services, but in the exercise of this
5 discretion the board shall consider the underwriter's fees and other
6 charges and the public interest in achieving both savings in the
7 total costs of underwriting services and issuance of bonds on terms
8 most favorable to the board.

9 NEW SECTION. **Sec. 11.** A new section is added to chapter 43.155
10 RCW to read as follows:

11 The board shall submit the initial policies adopted under
12 sections 9 and 10 of this act to the chief clerk of the house of
13 representatives and the secretary of the senate for transmittal to
14 and review by the appropriate standing committees and the joint
15 administrative rules review committee. By January 1, 2026, the board
16 shall adopt policies in the form of rules and regulations under
17 chapter 34.05 RCW. Such rules and regulations may only be changed or
18 revised in accordance with chapter 34.05 RCW.

19 NEW SECTION. **Sec. 12.** A new section is added to chapter 43.155
20 RCW to read as follows:

21 (1) The board's bonds shall bear such date or dates, mature at
22 such time or times, be in such denominations, be in such form, be
23 registered or registrable in such manner, be made transferable,
24 exchangeable, and interchangeable, be payable in such medium of
25 payment, at such place or places, be subject to such terms of
26 redemption, bear such fixed or variable rate or rates of interest, be
27 payable at such time or times, and be sold in such manner and at such
28 price or prices, as the board determines. The bonds shall be executed
29 by the chair, by either its duly elected secretary or its treasurer,
30 and by the trustee or paying agent if the board determines to use a
31 trustee or paying agent for the bonds. Execution of the bonds may be
32 by manual or facsimile signature.

33 (2) The bonds of the board shall be subject to such terms,
34 conditions, covenants, and protective provisions as are found
35 necessary or desirable by the board including, but not limited to,
36 pledges of the board's assets, setting aside of reserves, limitations
37 on additional forms of indebtedness, and the mortgaging of all or any
38 part of the board's real or personal property, then owned or

1 thereafter acquired, and other provisions the board finds are
2 necessary or desirable for the security of bondholders.

3 (3) Any security interest created in the unexpended bond proceeds
4 and in the special funds created by the board shall be immediately
5 valid and binding against such moneys and any securities in which
6 such moneys may be invested without board or trustee possession
7 thereof, and the security interest shall be prior to any party having
8 any competing claim in such moneys or securities, without filing or
9 recording pursuant to chapter 62A.9A RCW and regardless of whether
10 the party has notice of the security interest.

11 (4) When issuing bonds, the board may provide for the future
12 issuance of additional bonds or parity debt on a parity with
13 outstanding bonds, and the terms and conditions of their issuance.
14 The board may refund or advance refund any bond of the board in
15 accordance with chapter 39.53 RCW or issue bonds with a subordinate
16 lien against the fund or funds securing outstanding bonds.

17 (5) The chair of the state finance committee or the chair's
18 designee shall be notified in advance of the issuance of bonds by the
19 board in order to promote the orderly offering of obligations in the
20 financial markets.

21 (6) The members of the board and any person executing the bonds
22 are not liable personally on the indebtedness or subject to any
23 personal liability or accountability by reason of the issuance
24 thereof.

25 (7) The board may, out of any fund available therefor, purchase
26 its bonds in the open market.

27 NEW SECTION. **Sec. 13.** A new section is added to chapter 43.155
28 RCW to read as follows:

29 (1) Bonds issued under this chapter shall be issued in the name
30 of the board. The bonds shall not be obligations of the state of
31 Washington and shall be obligations only of the board payable from
32 the special fund or funds created by the board for their payment.
33 Such funds shall not be or constitute public moneys or funds of the
34 state of Washington but at all times shall be kept segregated and set
35 apart from other funds.

36 (2) Bonds issued under this chapter shall contain a recital on
37 their face to the effect that payment of the principal of, interest
38 on, and prepayment premium, if any, on the bonds, shall be a valid
39 claim only as against the special fund or funds relating thereto,

1 that neither the faith and credit nor the taxing power of the state
2 or any municipal corporation, subdivision, or agency of the state,
3 other than the board as set forth in this chapter, is pledged to the
4 payment of the principal of, interest on, and prepayment premium, if
5 any, on the bonds.

6 (3) Contracts entered into by the board shall be entered into in
7 the name of the board and not in the name of the state of Washington.
8 The obligations of the board under the contracts shall be obligations
9 only of the board and are not in any way obligations of the state of
10 Washington.

11 NEW SECTION. **Sec. 14.** A new section is added to chapter 43.155
12 RCW to read as follows:

13 Bonds issued under this chapter are hereby made securities in
14 which all public officers and public bodies of the state and its
15 political subdivisions, all insurance companies, trust companies in
16 their commercial departments, savings banks, cooperative banks,
17 banking associations, investment companies, executors, trustees, and
18 other fiduciaries, and all other persons whatsoever who are now or
19 may hereafter be authorized to invest in obligations of the state may
20 properly and legally invest funds, including capital in their control
21 or belonging to them. Such bonds are hereby made securities which may
22 properly and legally be deposited with and received by any state or
23 municipal officer or any agency or political subdivisions of the
24 state for any purpose for which the deposit of bonds and other
25 obligations of the state are now or may hereafter be authorized by
26 law.

27 NEW SECTION. **Sec. 15.** A new section is added to chapter 43.155
28 RCW to read as follows:

29 The total amount of outstanding indebtedness of the board may not
30 exceed \$4,000,000,000 at any time. The calculation of outstanding
31 indebtedness shall include the initial principal amount of an issue
32 and shall not include interest that is either currently payable or
33 that accrues as a part of the face amount of an issue payable at
34 maturity or earlier redemption. Outstanding indebtedness shall not
35 include notes or bonds as to which the obligation of the board has
36 been satisfied and discharged by refunding or for which payment has
37 been provided by reserves or otherwise.

1 NEW SECTION. **Sec. 16.** A new section is added to chapter 43.155
2 RCW to read as follows:

3 Proceeds from the sale of all bonds issued under this chapter
4 received by the board shall be deposited forthwith by the board in
5 any trust company, savings bank, savings and loan association, or
6 bank having the powers of a trust company within or without the
7 state, in a special fund or funds established for the particular
8 purposes for which the bonds were issued and sold, which money shall
9 not be funds of the state of Washington. Such fund or funds shall at
10 all times be segregated and set apart from all other funds and held
11 in trust for the purposes for which such bonds were issued as
12 determined by the board. Money other than bond sale proceeds received
13 by the board for these same purposes, such as private contributions
14 or grants from the federal government, may be deposited in such fund
15 or funds. Proceeds received from the sale of the bonds may also be
16 used to defray the expenses of the board in connection with and
17 incidental to the issuance and sale of bonds, as well as expenses for
18 studies, surveys, estimates, plans, inspections, and examinations of
19 or incidental to the purposes for which the bonds were issued, and
20 other costs advanced therefor by third parties or by the board. In
21 lieu of the board receiving and handling these moneys in the manner
22 outlined in this section, the board may appoint trustees,
23 depositories, paying agents, and other financial institutions within
24 or without the state to perform the functions outlined and to
25 receive, hold, disburse, invest, and reinvest such funds on its
26 behalf and for the protection of the bondholders.

27 NEW SECTION. **Sec. 17.** A new section is added to chapter 43.155
28 RCW to read as follows:

29 Any owner of bonds of the board issued under this chapter, and
30 the trustee under any trust agreement or indenture, may, either at
31 law or in equity, by suit, action, mandamus, or other proceeding,
32 protect and enforce any of their respective rights, and may become
33 the purchaser at any foreclosure sale if the person is the highest
34 bidder, except to the extent the rights given are restricted by the
35 board in any bond resolution or trust agreement or indenture
36 authorizing the issuance of the bonds.

37 NEW SECTION. **Sec. 18.** A new section is added to chapter 43.155
38 RCW to read as follows:

1 For purposes of the code:

2 (1) The legislature reserves the right at any time to alter or
3 change the structure, organization, programs, or activities of the
4 board and to terminate the board, so long as the action does not
5 impair any outstanding contracts entered into by the board;

6 (2) Any net earnings of the board beyond that necessary to retire
7 its bonds and to carry out the purposes of this chapter may not inure
8 to the benefit of any person other than the state;

9 (3) Upon dissolution of the board, title to all of its remaining
10 property must vest in the state; and

11 (4) The board constitutes the only public works infrastructure
12 finance agency of the state of Washington.

13 NEW SECTION. **Sec. 19.** If any part of this act is found to be in
14 conflict with federal requirements that are a prescribed condition to
15 the allocation of federal funds to the state, the conflicting part of
16 this act is inoperative solely to the extent of the conflict and with
17 respect to the agencies directly affected, and this finding does not
18 affect the operation of the remainder of this act in its application
19 to the agencies concerned. Rules adopted under this act must meet
20 federal requirements that are a necessary condition to the receipt of
21 federal funds by the state.

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