
SENATE BILL 6062

State of Washington 58th Legislature 2003 Regular Session

By Senators Horn, Haugen, Swecker, Jacobsen, Finkbeiner and Spanel

Read first time . Referred to .

1 AN ACT Relating to authorizing bonds for transportation funding;
2 amending RCW 47.76.250; adding new sections to chapter 47.10 RCW;
3 providing an effective date; and declaring an emergency.

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

5 NEW SECTION. **Sec. 1.** In order to provide funds necessary for the
6 location, design, right of way, and construction of selected projects
7 or improvements that are identified as transportation 2003 projects or
8 improvements in the omnibus transportation budget, there shall be
9 issued and sold upon the request of the transportation commission a
10 total of two billion six hundred million dollars of general obligation
11 bonds of the state of Washington.

12 NEW SECTION. **Sec. 2.** Upon the request of the transportation
13 commission, as appropriate, the state finance committee shall supervise
14 and provide for the issuance, sale, and retirement of the bonds
15 authorized by sections 1 through 6 of this act in accordance with
16 chapter 39.42 RCW. Bonds authorized by this act shall be sold in the
17 manner, at time or times, in amounts, and at the price as the state

1 finance committee shall determine. No bonds may be offered for sale
2 without prior legislative appropriation of the net proceeds of the sale
3 of the bonds.

4 The state finance committee shall consider the issuance of short-
5 term obligations in lieu of long-term obligations for the purposes of
6 more favorable interest rates, lower total interest costs, and
7 increased marketability and for the purpose of retiring the bonds
8 during the life of the project for which they were issued.

9 NEW SECTION. **Sec. 3.** The proceeds from the sale of bonds
10 authorized by section 1 of this act shall be deposited in the
11 transportation 2003 account in the motor vehicle fund. The proceeds
12 shall be available only for the purposes enumerated in section 1 of
13 this act, for the payment of bond anticipation notes, if any, and for
14 the payment of bond issuance costs, including the costs of
15 underwriting.

16 NEW SECTION. **Sec. 4.** Bonds issued under the authority of sections
17 1 through 6 of this act shall distinctly state that they are a general
18 obligation of the state of Washington, shall pledge the full faith and
19 credit of the state to the payment of the principal thereof and the
20 interest thereon, and shall contain an unconditional promise to pay
21 such principal and interest as the same shall become due. The
22 principal and interest on the bonds shall be first payable in the
23 manner provided in sections 1 through 6 of this act from the proceeds
24 of the state excise taxes on motor vehicle and special fuels imposed by
25 chapters 82.36 and 82.38 RCW. Proceeds of these excise taxes are
26 hereby pledged to the payment of any bonds and the interest thereon
27 issued under the authority of sections 1 through 6 of this act, and the
28 legislature agrees to continue to impose these excise taxes on motor
29 vehicle and special fuels in amounts sufficient to pay, when due, the
30 principal and interest on all bonds issued under the authority of
31 sections 1 through 6 of this act.

32 NEW SECTION. **Sec. 5.** Both principal and interest on the bonds
33 issued for the purposes of sections 1 through 6 of this act shall be
34 payable from the highway bond retirement fund. The state finance
35 committee may provide that a special account be created in the fund to

1 facilitate payment of the principal and interest. The state finance
2 committee shall, on or before June 30th of each year, certify to the
3 state treasurer the amount required for principal and interest on the
4 bonds in accordance with the bond proceedings. The state treasurer
5 shall withdraw revenues from the transportation 2003 account in the
6 motor vehicle fund and deposit in the highway bond retirement fund, or
7 a special account in the fund, such amounts, and at such times, as are
8 required by the bond proceedings.

9 Any funds required for bond retirement or interest on the bonds
10 authorized by sections 1 through 6 of this act shall be taken from that
11 portion of the motor vehicle fund that results from the imposition of
12 excise taxes on motor vehicle and special fuels and that is distributed
13 to the transportation 2003 account in the motor vehicle fund. Funds
14 required shall never constitute a charge against any other allocations
15 of motor vehicle fuel and special fuel tax revenues to the state,
16 counties, cities, and towns unless the amount arising from excise taxes
17 on motor vehicle and special fuels distributed to the transportation
18 2003 account proves insufficient to meet the requirements for bond
19 retirement or interest on any such bonds.

20 Any payments for bond retirement or interest on the bonds taken
21 from other revenues from the motor vehicle fuel or special fuel taxes
22 that are distributable to the state, counties, cities, and towns shall
23 be repaid from the first revenues from the motor vehicle fuel or
24 special fuel taxes distributed to the transportation 2003 account not
25 required for bond retirement or interest on the bonds.

26 NEW SECTION. **Sec. 6.** Bonds issued under the authority of sections
27 1 through 5 of this act and this section and any other general
28 obligation bonds of the state of Washington that have been or that may
29 be authorized and that pledge motor vehicle and special fuels excise
30 taxes for the payment of principal and interest thereon shall be an
31 equal charge against the revenues from such motor vehicle and special
32 fuels excise taxes.

33 NEW SECTION. **Sec. 7.** For the purpose of providing funds for the
34 planning, design, construction, and reconstruction of rail lines, and
35 other necessary costs for rail capital projects, the state finance
36 committee is authorized to issue general obligation bonds of the state

1 of Washington in the sum of one hundred twenty million dollars, or as
2 much thereof as may be required, to finance these projects and all
3 costs incidental thereto. Bonds authorized in this section may be sold
4 at such price as the state finance committee shall determine. No bonds
5 authorized in this section may be offered for sale prior to July 1,
6 2005, nor may the bonds be offered for sale without prior legislative
7 appropriation of the net proceeds of the sale of the bonds.

8 NEW SECTION. **Sec. 8.** The proceeds from the sale of the bonds
9 authorized in section 7 of this act shall be deposited in the essential
10 rail assistance account created by RCW 47.76.250.

11 The proceeds shall be used exclusively for the purposes specified
12 in section 7 of this act and for the payment of expenses incurred in
13 the issuance and sale of the bonds issued for the purposes of this
14 section, and shall be administered by the transportation commission
15 subject to legislative appropriation.

16 NEW SECTION. **Sec. 9.** (1) The debt-limit general fund bond
17 retirement account shall be used for the payment of the principal of
18 and interest on the bonds authorized in section 7 of this act.

19 (2) The state finance committee shall, on or before June 30th of
20 each year, certify to the state treasurer the amount needed in the
21 ensuing twelve months to meet the bond retirement and interest
22 requirements on the bonds authorized in section 7 of this act.

23 (3) On each date on which any interest or principal and interest
24 payment is due on bonds issued for the purposes of section 7 of this
25 act the state treasurer shall withdraw from any general state revenues
26 received in the state treasury and deposit in the debt-limit general
27 fund bond retirement account an amount equal to the amount certified by
28 the state finance committee to be due on the payment date.

29 NEW SECTION. **Sec. 10.** (1) Bonds issued under section 7 of this
30 act shall state that they are a general obligation of the state of
31 Washington, shall pledge the full faith and credit of the state to the
32 payment of the principal thereof and the interest thereon, and shall
33 contain an unconditional promise to pay the principal and interest as
34 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 NEW SECTION. **Sec. 11.** The legislature may provide additional
6 means for raising moneys for the payment of the principal and interest
7 on the bonds authorized in section 7 of this act, and sections 8 and 9
8 of this act shall not be deemed to provide an exclusive method for the
9 payment.

10 **Sec. 12.** RCW 47.76.250 and 1996 c 73 s 2 are each amended to read
11 as follows:

12 (1) The essential rail assistance account is created in the state
13 treasury. Moneys in the account may be appropriated only for the
14 purposes specified in this section.

15 (2) Moneys appropriated from the account to the department of
16 transportation may be used by the department or distributed by the
17 department to cities, county rail districts, counties, economic
18 development councils, and port districts for the purpose of:

19 (a) Acquiring, rebuilding, rehabilitating, or improving rail lines;

20 (b) Purchasing or rehabilitating railroad equipment necessary to
21 maintain essential rail service;

22 (c) Improving passenger rail lines when such improvements help to
23 mitigate congestion and improve freight line mobility;

24 (d) Constructing railroad improvements to mitigate port access or
25 mainline congestion;

26 (~~(d)~~) (e) Construction of loading facilities to increase business
27 on light density lines or to mitigate the impacts of abandonment;

28 (~~(e)~~) (f) Preservation, including operation, of light density
29 lines, as identified by the Washington state department of
30 transportation, in compliance with this chapter; or

31 (~~(f)~~) (g) Preserving rail corridors for future rail purposes by
32 purchase of rights of way. The department shall first pursue
33 transportation enhancement program funds, available under the federal
34 surface transportation program, to the greatest extent practicable to
35 preserve rail corridors. Purchase of rights of way may include track,
36 bridges, and associated elements, and must meet the following criteria:

1 (i) The right of way has been identified and evaluated in the state
2 rail plan prepared under this chapter;

3 (ii) The right of way may be or has been abandoned; and

4 (iii) The right of way has potential for future rail service.

5 (3) The department or the participating local jurisdiction is
6 responsible for maintaining any right of way acquired under this
7 chapter, including provisions for drainage management, fire and weed
8 control, and liability associated with ownership.

9 (4) Nothing in this section impairs the reversionary rights of
10 abutting landowners, if any, without just compensation.

11 (5) The department, cities, county rail districts, counties, and
12 port districts may grant franchises to private railroads for the right
13 to operate on lines acquired under this chapter.

14 (6) The department, cities, county rail districts, counties, and
15 port districts may grant trackage rights over rail lines acquired under
16 this chapter.

17 (7) If rail lines or rail rights of way are used by county rail
18 districts, port districts, state agencies, or other public agencies for
19 the purposes of rail operations and are later abandoned, the rail lines
20 or rail rights of way cannot be used for any other purposes without the
21 consent of the underlying fee title holder or reversionary rights
22 holder, or until compensation has been made to the underlying fee title
23 holder or reversionary rights holder.

24 (8) The department of transportation shall develop criteria for
25 prioritizing freight rail projects that meet the minimum eligibility
26 requirements for state assistance under RCW 47.76.240. The department
27 shall develop criteria in consultation with the Washington state
28 freight rail policy advisory committee. Project criteria should
29 consider the level of local financial commitment to the project as well
30 as cost/benefit ratio. Counties, local communities, railroads,
31 shippers, and others who benefit from the project should participate
32 financially to the greatest extent practicable.

33 (9) Moneys received by the department from franchise fees, trackage
34 rights fees, and loan payments shall be redeposited in the essential
35 rail assistance account. Repayment of loans made under this section
36 shall occur within a period not longer than fifteen years, as set by
37 the department. The repayment schedule and rate of interest, if any,
38 shall be determined before the distribution of the moneys.

1 (10) The state shall maintain a contingent interest in any
2 equipment, property, rail line, or facility that has outstanding grants
3 or loans. The owner may not use the line as collateral, remove track,
4 bridges, or associated elements for salvage, or use it in any other
5 manner subordinating the state's interest without permission from the
6 department.

7 (11) Moneys distributed under this chapter should be provided as
8 loans wherever practicable. Except as provided by section 3, chapter
9 73, Laws of 1996, for improvements on or to privately owned railroads,
10 railroad property, or other private property, moneys distributed shall
11 be provided solely as loans.

12 NEW SECTION. **Sec. 13.** Sections 1 through 11 of this act are each
13 added to chapter 47.10 RCW.

14 NEW SECTION. **Sec. 14.** This act is necessary for the immediate
15 preservation of the public peace, health, or safety, or support of the
16 state government and its existing public institutions, and takes effect
17 July 1, 2003.

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