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

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

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

NEW SECTION. Sec. 2. Upon the request of the transportation commission, as appropriate, the state finance committee shall supervise and provide for the issuance, sale, and retirement of the bonds authorized by sections 1 through 6 of this act in accordance with chapter 39.42 RCW. Bonds authorized by this act shall be sold in the manner, at time or times, in amounts, and at the price as the state
finance committee shall determine. No bonds may be offered for sale
without prior legislative appropriation of the net proceeds of the sale
of the bonds.

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

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

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

NEW SECTION. Sec. 5. Both principal and interest on the bonds
issued for the purposes of sections 1 through 6 of this act shall be
payable from the highway bond retirement fund. The state finance
committee may provide that a special account be created in the fund to
facilitate payment of the principal and interest. The state finance
committee shall, on or before June 30th of each year, certify to the
state treasurer the amount required for principal and interest on the
bonds in accordance with the bond proceedings. The state treasurer
shall withdraw revenues from the transportation 2003 account in the
motor vehicle fund and deposit in the highway bond retirement fund, or
a special account in the fund, such amounts, and at such times, as are
required by the bond proceedings.

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

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

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

NEW SECTION. Sec. 7. For the purpose of providing funds for the
planning, design, construction, and reconstruction of rail lines, and
other necessary costs for rail capital projects, the state finance
committee is authorized to issue general obligation bonds of the state
of Washington in the sum of one hundred twenty million dollars, or as much thereof as may be required, to finance these projects and all costs incidental thereto. Bonds authorized in this section may be sold at such price as the state finance committee shall determine. No bonds authorized in this section may be offered for sale prior to July 1, 2005, nor may the bonds be offered for sale without prior legislative appropriation of the net proceeds of the sale of the bonds.

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

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

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

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

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

NEW SECTION. Sec. 10. (1) Bonds issued under section 7 of this act shall state that they are a general obligation of the state of Washington, shall pledge the full faith and credit of the state to the payment of the principal thereof and the interest thereon, and shall contain an unconditional promise to pay the principal and interest as the same shall become due.
(2) The owner and holder of each of the bonds or the trustee for the owner and holder of any of the bonds may by mandamus or other appropriate proceeding require the transfer and payment of funds as directed in this section.

NEW SECTION. Sec. 11. The legislature may provide additional means for raising moneys for the payment of the principal and interest on the bonds authorized in section 7 of this act, and sections 8 and 9 of this act shall not be deemed to provide an exclusive method for the payment.

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

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

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

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

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

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

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

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

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

(g) Preserving rail corridors for future rail purposes by purchase of rights of way. The department shall first pursue transportation enhancement program funds, available under the federal surface transportation program, to the greatest extent practicable to preserve rail corridors. Purchase of rights of way may include track, bridges, and associated elements, and must meet the following criteria:
(i) The right of way has been identified and evaluated in the state rail plan prepared under this chapter;

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

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

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

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

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

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

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

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

(9) Moneys received by the department from franchise fees, trackage rights fees, and loan payments shall be redeposited in the essential rail assistance account. Repayment of loans made under this section shall occur within a period not longer than fifteen years, as set by the department. The repayment schedule and rate of interest, if any, shall be determined before the distribution of the moneys.
(10) The state shall maintain a contingent interest in any equipment, property, rail line, or facility that has outstanding grants or loans. The owner may not use the line as collateral, remove track, bridges, or associated elements for salvage, or use it in any other manner subordinating the state's interest without permission from the department.

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

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

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

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