

CERTIFICATION OF ENROLLMENT

ENGROSSED SENATE BILL 5990

Chapter 9, Laws of 2001

57th Legislature
2001 Second Special Session

GENERAL OBLIGATION BONDS

EFFECTIVE DATE: 6/26/01

Passed by the Senate June 20, 2001
YEAS 36 NAYS 2

President of the Senate

BRAD OWEN

Passed by the House June 19, 2001

YEAS 85 NAYS 0
CERTIFICATE

I, Tony M. Cook, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **ENGROSSED SENATE BILL 5990** as passed by the Senate and the House of Representatives on the dates hereon set forth.

Speaker of the

FRANK CHOPP

House of Representatives
TONY M. COOK

Secretary

Speaker of the
House of Representatives

CLYDE BALLARD

Approved June 26, 2001
FILED

June 26, 2001 - 11:46 a.m.

Governor of the State of Washington
Secretary of State

GARY LOCKE

State of Washington

ENGROSSED SENATE BILL 5990

AS AMENDED BY THE HOUSE

Passed Legislature - 2001 2nd Special Session

State of Washington 57th Legislature 2001 Regular Session

By Senators Fairley, Spanel, B. Sheldon and Zarelli; by request of Office of Financial Management

Read first time 02/12/2001. Referred to Committee on Ways & Means.

AN ACT Relating to state general obligation bonds and related accounts; amending RCW 39.42.060; adding a new chapter to Title 43 RCW; and declaring an emergency.

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

NEW SECTION. **Sec. 1.** For the purpose of providing funds to finance the projects described and authorized by the legislature in the capital and operating appropriation acts for the 2001-2003 fiscal biennium, and all costs incidental thereto, the state finance committee is authorized to issue general obligation bonds of the state of Washington in the sum of nine hundred thirty-five million five hundred thousand 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 without prior legislative appropriation of the net proceeds of the sale of the bonds.

NEW SECTION. **Sec. 2.** The proceeds from the sale of the bonds authorized in section 1 of this act shall be deposited in the state building construction account created by RCW 43.83.020. The proceeds shall be transferred as follows:

(1) Seven hundred seventy-four million two hundred thousand dollars to remain in the state building construction account created by RCW 43.83.020;

(2) Twenty-two million five hundred thousand dollars to the outdoor recreation account created by RCW 79A.25.060;

(3) Twenty-two million five hundred thousand dollars to the habitat conservation account created by RCW 79A.15.020;

(4) Sixty million dollars to the state taxable building construction account which is hereby established in the state treasury. All receipts from taxable bond

issues are to be deposited into the account. If the state finance committee deems it necessary to issue more than fifty million dollars of the bonds authorized in section 1 of this act as taxable bonds in order to comply with federal internal revenue service rules and regulations pertaining to the use of nontaxable bond proceeds, the proceeds of such additional taxable bonds shall be transferred to the state taxable building construction account in lieu of any transfer otherwise provided by this section. The state treasurer shall submit written notice to the director of financial management if it is determined that any such additional transfer to the state taxable building construction account is necessary. Moneys in the account may be spent only after appropriation;

(5) Twenty-nine million twenty-five thousand dollars to the higher education construction account created by RCW 28B.140.040.

These proceeds shall be used exclusively for the purposes specified in this section 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 office of financial management subject to legislative appropriation.

NEW SECTION. **Sec. 3.** (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 2 (1), (2), (3), and (4) 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 2 (1), (2), (3), and (4) 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 2 (1), (2), (3), and (4) 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. 4.** (1) The nondebt-limit reimbursable bond retirement account shall be used for the payment of the principal of and interest on the bonds authorized in section 2(5) 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 2(5) 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 2(5) of this act, the board of regents of the University of Washington shall cause to be paid out of University of Washington nonappropriated local funds to the state treasurer for deposit into the nondebt-limit reimbursement bond retirement account the amount computed in subsection (2) of this section for bonds issued for the purposes of section 2(5) of this act.

NEW SECTION. **Sec. 5.** (1) Bonds issued under sections 1 through 4 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. 6.** The legislature may provide additional means for raising moneys for the payment of the principal of and interest on the bonds authorized in section 1 of this act, and sections 2 through 4 of this act shall not be deemed to provide an exclusive method for the payment.

NEW SECTION. **Sec. 7.** For the purpose of providing funds for the planning, design, construction, and other necessary costs for replacing the waterproof membrane over the east plaza garage and revising related landscaping, the state finance committee is authorized to issue general obligation bonds of the state of Washington in the sum of sixteen million dollars, or as much thereof as may be required, to finance this project 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 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 state building construction account created by RCW 43.83.020. The proceeds shall be transferred as follows: Fifteen

million five hundred twenty thousand dollars to the state vehicle parking account created by RCW 43.01.225.

These 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 office of financial management subject to legislative appropriation.

NEW SECTION. **Sec. 9.** (1) The nondebt-limit reimbursable 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 8 of this act, the state treasurer shall transfer from the state vehicle parking account for deposit into the nondebt-limit reimbursable bond retirement account, the amount computed in subsection (2) of this section for bonds issued for the purposes of section 7 of this act.

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 of 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.

NEW SECTION. **Sec. 12.** The bonds authorized in sections 1, 7, and 14 of this act shall be a legal investment for all state funds or funds under state control and for all funds of any other public body.

NEW SECTION. **Sec. 13.** The legislature finds that it is necessary to complete the rehabilitation of the state legislative building, to extend the useful life of the building, and provide for the permanent relocation of offices displaced by the rehabilitation and create new space for public uses.

Furthermore, it is the intent of the legislature to fund the majority of the rehabilitation and construction using bonds repaid by the capitol building construction account, as provided for in the enabling act and dedicated by the federal government for the sole purpose of establishing a state capitol, to fund the cash elements of the project using capital project surcharge revenues in the Thurston county capital facilities account, and to support the establishment of a private foundation to engage the public in the preservation of the state legislative building and raise private funds for restoration and educational efforts. The bonds repaid by the capitol building construction account, whose revenues are from the sale of capitol building lands, timber, or other materials, shall be exempt from the state debt limit under RCW 39.42.060, and if at any time the capitol building construction account has insufficient revenues to repay the bonds, the legislature may provide additional means for the payment of the bonds, but any such additional means shall be subject to the state debt limit.

NEW SECTION. **Sec. 14.** For the purpose of providing funds for the planning, design, construction, and other necessary costs for the rehabilitation of the state legislative building, the state finance committee is authorized to issue general obligation bonds of the state of Washington in the sum of eighty-two million five hundred ten thousand dollars or as much thereof as may be required to finance the rehabilitation and improvements to the legislative building and all costs incidental thereto. The approved rehabilitation plan includes costs associated with earthquake repairs and future earthquake mitigation and allows for associated relocation costs and the acquisition of appropriate relocation space. Bonds authorized in this section shall not constitute indebtedness for purposes of the limitations set forth in RCW 39.42.060, to the extent that the bond payments are paid from the capitol building construction account. Bonds authorized in this section may be sold at a price the state finance committee determines. No bonds authorized in this section may be offered for sale without prior legislative appropriation of the net proceeds of the sale of the bonds. The proceeds of the sale of the bonds issued for the purposes of this section shall be deposited in the capitol historic district construction account hereby created in the state treasury. These proceeds shall be used exclusively for the

purposes specified in this section 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 office of financial management subject to legislative appropriation.

NEW SECTION. **Sec. 15.** (1) The nondebt-limit reimbursable bond retirement account must be used for the payment of the principal and interest on the bonds authorized in section 14 of this act.

(2) (a) The state finance committee must, 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 14 of this act.

(b) On or before the date on which any interest or principal and interest is due, the state treasurer shall transfer from the capitol building construction account for deposit into the nondebt-limit reimbursable bond retirement account, the amount computed in (a) of this subsection for bonds issued for the purposes of section 14 of this act.

(3) If the capitol building construction account has insufficient revenues to pay the principal and interest computed in subsection (2) (a) of this section, then the debt-limit reimbursable bond retirement account shall be used for the payment of the principal and interest on the bonds authorized in section 14 of this act from any additional means provided by the legislature.

NEW SECTION. **Sec. 16.** (1) Bonds issued under section 14 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 and interest, and shall contain an unconditional promise to pay the principal and interest as it becomes 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. 17.** The legislature may provide additional means for raising moneys for the payment of the principal and interest on the bonds authorized in section 14 of this act, and sections 15 and 16 of this act shall not be deemed to provide an exclusive method for their payment.

Sec. 18. RCW 39.42.060 and 1999 c 273 s 9 are each amended to read as follows:

No bonds, notes, or other evidences of indebtedness for borrowed money shall be issued by the state which will cause the aggregate debt contracted by the state to exceed that amount for which payments of principal and interest in any fiscal year would require the state to expend more than seven percent of the arithmetic mean of its general state revenues, as defined in section 1(c) of Article VIII of the Washington state Constitution for the three immediately preceding fiscal years as certified by the treasurer in accordance with RCW 39.42.070. It shall be the duty of the state finance committee to compute annually the amount required to pay principal of and interest on outstanding debt. In making such computation, the state finance committee shall include all borrowed money represented by bonds, notes, or other evidences of indebtedness which are secured by the full faith and credit of the state or are required to be paid, directly or indirectly, from general state revenues and which are incurred by the state, any department, authority, public corporation or quasi public corporation of the state, any state university or college, or any other public agency created by the state but not by counties, cities, towns, school districts, or other municipal corporations, and shall include debt incurred pursuant to section 3 of Article VIII of the Washington state Constitution, but shall exclude the following:

- (1) Obligations for the payment of current expenses of state government;
- (2) Indebtedness incurred pursuant to RCW 39.42.080 or 39.42.090;
- (3) Principal of and interest on bond anticipation notes;
- (4) Any indebtedness which has been refunded;
- (5) Financing contracts entered into under chapter 39.94 RCW;
- (6) Indebtedness authorized or incurred before July 1, 1993, pursuant to statute which requires that the state treasury be reimbursed, in the amount of the principal of and the interest on such indebtedness, from money other than general state revenues or from the special excise tax imposed pursuant to chapter 67.40 RCW;
- (7) Indebtedness authorized and incurred after July 1, 1993, pursuant to statute that requires that the state treasury be reimbursed, in the amount of the principal of and the interest on such indebtedness, from (a) moneys outside the state treasury, except higher education operating fees, (b) higher education building fees, (c) indirect costs recovered from federal grants and contracts, and (d) fees and charges associated with hospitals operated or managed by institutions of higher education;
- (8) Any agreement, promissory note, or other instrument entered into by the state finance committee under RCW 39.42.030 in connection with its acquisition of bond

insurance, letters of credit, or other credit support instruments for the purpose of guaranteeing the payment or enhancing the marketability, or both, of any state bonds, notes, or other evidence of indebtedness;

(9) Indebtedness incurred for the purposes identified in RCW 43.99N.020; ~~((and))~~

(10) Indebtedness incurred for the purposes of the school district bond guaranty established by chapter 39.98 RCW;

(11) Indebtedness incurred for the purposes of replacing the waterproof membrane over the east plaza garage and revising related landscaping construction pursuant to section 7 of this act; and

(12) Indebtedness incurred for the purposes of the state legislative building rehabilitation, to the extent that principal and interest payments of such indebtedness are paid from the capitol building construction account pursuant to section 15(2)(b) of this act.

To the extent necessary because of the constitutional or statutory debt limitation, priorities with respect to the issuance or guaranteeing of bonds, notes, or other evidences of indebtedness by the state shall be determined by the state finance committee.

NEW SECTION. **Sec. 19.** Sections 1 through 17 of this act constitute a new chapter in Title 43 RCW.

NEW SECTION. **Sec. 20.** If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected.

NEW SECTION. **Sec. 21.** 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 immediately.

Passed the Senate June 20, 2001.

Passed the House June 19, 2001.

Approved by the Governor June 26, 2001.

Filed in Office of Secretary of State June 26, 2001.

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