

CERTIFICATION OF ENROLLMENT

SUBSTITUTE HOUSE BILL 3374

Chapter 179, Laws of 2008

60th Legislature
2008 Regular Session

GENERAL OBLIGATION BONDS--FLOOD MITIGATION AND SCHOOL FACILITIES

EFFECTIVE DATE: 03/27/08

Passed by the House March 12, 2008
Yeas 97 Nays 0

FRANK CHOPP

—
Speaker of the House of Representatives

Passed by the Senate March 11, 2008
Yeas 43 Nays 4

BRAD OWEN

—
President of the Senate

Approved March 27, 2008, 10:10 a.m.

CERTIFICATE

I, Barbara Baker, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **SUBSTITUTE HOUSE BILL 3374** as passed by the House of Representatives and the Senate on the dates hereon set forth.

BARBARA BAKER

—
Chief Clerk

FILED
March 28, 2008

CHRISTINE GREGOIRE

—
Governor of the State of Washington

**Secretary of State
State of Washington**

SUBSTITUTE HOUSE BILL 3374

AS AMENDED BY THE SENATE

Passed Legislature - 2008 Regular Session

State of Washington

60th Legislature

2008 Regular Session

By House Capital Budget (originally sponsored by Representatives Fromhold, McDonald, VanDeWege, Alexander, and DeBolt)

READ FIRST TIME 02/22/08.

AN ACT Relating to state general obligation bonds for flood hazard mitigation projects and school facilities; amending RCW 39.42.060 and 28A.245.030; adding a new chapter to Title 43 RCW; adding a new chapter to Title 28A RCW; creating a new section; and declaring an emergency.

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

PART 1

NEW SECTION. Sec. 101 For the purpose of providing state funds for federally matched flood hazard mitigation and other projects throughout the Chehalis river basin, the state finance committee is authorized to issue general obligation bonds of the state of Washington in the sum of fifty million dollars, or as much thereof as may be required, to finance the 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. 102 The proceeds from the sale of the bonds authorized in section 101 of this act shall be deposited in the state building construction account created by RCW 43.83.020. If the state finance committee deems it necessary to issue 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 taxable bonds shall be transferred to the state taxable building construction account in lieu of any deposits 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 transfer to the state taxable building construction account is necessary. Moneys in the account may be spent only after appropriation. These proceeds shall be used exclusively for the purposes specified in section 101 of this act and for the payment of expenses incurred in the

issuance and sale of the bonds. These proceeds shall be administered by the office of financial management subject to legislative appropriation.

NEW SECTION. Sec. 103 (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 101 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 each date on which any interest or principal and interest payment is due 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. 104 (1) Bonds issued under section 101 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. 105 The legislature may provide additional means for raising moneys for the payment of the principal of and interest on the bonds authorized in section 101 of this act, and section 103 of this act shall not be deemed to provide an exclusive method for the payment.

NEW SECTION. Sec. 106 The bonds authorized in section 101 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.

PART 2

NEW SECTION. Sec. 201 The legislature finds that the state's public schools and skill centers are a vital component of the future economic prosperity of our state and provide students with access to high-quality academic and technical skills instruction. Skill centers challenge, motivate, and provide opportunities for students to achieve in basic skills, critical thinking, leadership, and work skills through hands-on education, applied academics, and technology training using a cost-effective delivery model. The legislature further finds that barriers to access exist for students in rural and high-density areas, but the development of satellite and branch campus programs will provide the needed access. The legislature further finds that existing and proposed new skill centers will require facilities and equipment that simulate business and industry. Therefore, it is the intent of the legislature to provide a new source of funding for the critical capital needs of the state's skill centers to enhance access to career and technical education opportunities and to improve the condition of existing facilities. Enhanced capital funding will provide skill centers the ability to fulfill their critical role in maintaining and stimulating the state's economy and expanding quality academic and career and technical education opportunities to more students, especially students who lack access to these programs to date. In the interest of funding equity and ensuring a commitment to the new development, major

renovation, or expansion of skill centers, all school district partners must contribute to the acquisition or major capital costs of skill center projects supported by this act to the greatest extent feasible.

NEW SECTION. Sec. 202 For the purpose of providing school construction assistance grants and needed capital improvements consisting of the predesign, design, acquisition, construction, modification, renovation, expansion, equipping, and other improvements of skill centers facilities, including capital improvements to support satellite or branch campus programs for underserved rural areas or high-density areas, the state finance committee is authorized to issue general obligation bonds of the state of Washington in the sum of one hundred million dollars, or as much thereof as may be required, to finance all or a part of 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. If the state finance committee deems it necessary to issue 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 taxable bonds shall be transferred to the state taxable building construction account in lieu of any deposits 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 transfer to the state taxable building construction account is necessary.

NEW SECTION. Sec. 203 This chapter is not intended to limit the legislature's ability to appropriate bond proceeds if the full amount authorized in this chapter has not been appropriated after one biennia, and the authorization to issue bonds contained in this chapter does not expire until the full authorization has been appropriated and issued.

NEW SECTION. Sec. 204 (1) The proceeds from the sale of the bonds authorized in section 202 of this act shall be deposited in the school construction and skill centers building account created in section 210 of this act.

(2) The proceeds shall be used exclusively for the purposes stated in section 202 of this act and for the payment of the expenses incurred in connection with the sale and issuance of the bonds.

NEW SECTION. Sec. 205 (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 202 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 202 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 that portion of the common school construction fund derived from the interest on the permanent common school fund into the nondebt-limit reimbursable bond retirement account the amount computed in (a) of this subsection for bonds issued for the purposes of section 202 of this act. Any deficiency in such transfer shall be made up as soon as moneys are available for transfer and shall constitute a continuing obligation of that portion of the common school construction fund derived from the interest on the permanent common school fund until all deficiencies are fully paid.

NEW SECTION. Sec. 206 (1) Bonds issued under section 202 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. 207 The bonds authorized in section 202 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. 208 The legislature may provide additional means for raising moneys for the payment of the principal of and interest on the bonds authorized in section 202 of this act, and section 202 of this act shall not be deemed to provide an exclusive method for the payment.

NEW SECTION. Sec. 209 This chapter provides a complete, additional, and alternative method for accomplishing the purposes of this chapter and is supplemental and additional to powers conferred by other laws. The issuance of bonds under this chapter shall not be deemed to be the only method to fund projects under this chapter.

NEW SECTION. Sec. 210 The school construction and skill centers building account is created in the state treasury. Proceeds from the bonds issued under section 202 of this act shall be deposited in the account. The account shall be used for purposes stated in section 202 of this act. Moneys in the account may be spent only after appropriation.

PART 3

Sec. 301 RCW 39.42.060 and 2003 c 147 s 13 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 RCW 39.42.070, 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;
- (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 RCW 43.99Q.070;
- (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 RCW 43.99Q.140(2)(b); ~~((and))~~
- (13) Indebtedness incurred for the purposes of financing projects under RCW 47.10.867; and
- (14) Indebtedness incurred for the purposes of school construction assistance grants and capital improvements for skill centers under section 202 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.

Sec. 302 RCW 28A.245.030 and 2007 c 463 s 4 are each amended to read as follows:

- (1) The office of the superintendent of public instruction shall review and revise the guidelines for skill centers to encourage skill center programs. The superintendent, in cooperation with the workforce training and education coordinating board, skill center directors, and the Washington association for career and technical education, shall review and revise the existing skill centers' policy guidelines and create and adopt rules governing skill centers as follows:
 - (a) The threshold enrollment at a skill center shall be revised so that a skill center program need not have a minimum of seventy percent of its students enrolled on the skill center core campus in order to facilitate serving rural students through expansion of skill center programs by means of satellite programs or branch campuses;
 - (b) The developmental planning for branch campuses shall be encouraged. Underserved rural areas or high-density areas may partner with an existing skill center to create satellite programs or a branch campus. Once a branch campus reaches sufficient enrollment to become self-

sustaining, it may become a separate skill center or remain an extension of the founding skill center; and

(c) Satellite and branch campus programs shall be encouraged to address high-demand fields.

(2) Rules adopted under this section shall allow for innovative models of satellite and branch campus programs, and such programs shall not be limited to those housed in physical buildings.

(3) The superintendent of public instruction shall develop and deliver a ten-year capital plan for legislative review before implementation. The superintendent of public instruction shall adopt rules that set as a goal a ten percent minimum local project contribution threshold for major skill center projects, unless there is a compelling rationale not to do so, including but not limited to local economic conditions, as determined by the superintendent of public instruction. This applies to the acquisition or major capital costs of skill center projects as outlined in the ten-year capital plan.

(4) Subject to available funding, the superintendent shall:

(a) Conduct approved feasibility studies for serving noncooperative rural and high-density area students in their geographic areas; and

(b) Develop a statewide master plan that identifies standards and resources needed to create a technology infrastructure for connecting all skill centers to the K-20 network.

NEW SECTION. Sec. 303 Sections 101 through 106 of this act constitute a new chapter in Title 43 RCW.

NEW SECTION. Sec. 304 Sections 201 through 210 of this act constitute a new chapter in Title 28A RCW.

NEW SECTION. Sec. 305 Part headings used in this act are not any part of the law.

NEW SECTION. Sec. 306 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. 307 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 by the House March 12, 2008.

Passed by the Senate March 11, 2008.

Approved by the Governor March 27, 2008.

Filed in Office of Secretary of State March 28, 2008.