

due, which taxes shall become due and collectible as other taxes: PROVIDED, That it may pledge to the payment of such principal and interest the revenue of the public utility being acquired, constructed, or improved out of the proceeds of sale of such bonds. Such pledge of revenue shall constitute a binding obligation, according to its terms, to continue the collection of such revenue so long as such bonds or any of them are outstanding, and to the extent that revenues are insufficient to meet the debt service requirements on such bonds, the governing body of the municipality shall provide for the levy of taxes sufficient to meet such deficiency.

NEW SECTION. Sec. 13. The following acts or parts of acts are each repealed:

- (1) Section 35.22.380, chapter 7, Laws of 1965 and RCW 35.22.380;
- (2) Section 35.22.390, chapter 7, Laws of 1965 and RCW 35.22.390;
- (3) Section 35.22.400, chapter 7, Laws of 1965 and RCW 35.22.400;

and

- (4) Section 35.67.070, chapter 7, Laws of 1965, section 22, chapter 186, Laws of 1984 and RCW 35.67.070.

Passed the Senate April 23, 1985.

Passed the House April 12, 1985.

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CHAPTER 446

[Engrossed Substitute House Bill No. 461]

COMMUNITY ECONOMIC REVITALIZATION BOARD—AUTHORITY MODIFIED—PUBLIC WORKS BOARD CREATED—PRIVATE ACTIVITY BONDS

AN ACT Relating to economic development; amending RCW 43.160.030, 43.160.060, and 43.160.900; reenacting RCW 43.160.030; adding new sections to chapter 43.160 RCW; adding a new chapter to Title 39 RCW; adding a new chapter to Title 43 RCW; creating new sections; making an appropriation; providing effective dates; and declaring an emergency.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. Section 3, chapter 40, Laws of 1982 1st ex. sess. as amended by section 2, chapter 60, Laws of 1983 1st ex. sess. and RCW 43.160.030 are each amended to read as follows:

(1) The community economic revitalization board is hereby created to exercise the powers granted under this chapter.

(2) The board shall consist of ((nine persons appointed by the governor and)) the director of ((commerce)) trade and economic development, the director of ((planning and community affairs)) community development, the director of revenue, the commissioner of employment security, ((and the chairmen)) the secretary of the department of transportation, the chairman

of and one minority member appointed by the speaker of the house of representatives from the committee on ((commerce)) trade and economic development of the house of representatives ((and)), the chairman of and one minority member appointed by the president of the senate from the committee on commerce and labor of the senate, or the equivalent standing committees, ((for a total of seventeen members. The appointive members shall be as follows)) one member each from the committees on ways and means of the senate and house of representatives, or the equivalent standing committees, chosen by the president of the senate or the speaker of the house of representatives, as applicable, and the following members appointed by the governor: A recognized private or public sector economist selected from the governor's council of economic advisors; one port district official; one county official; one city official; one representative of the public; one representative of small businesses each from: (a) The area west of Puget Sound, (b) the area east of Puget Sound and west of the Cascade range, (c) the area east of the Cascade range and west of the Columbia river, and (d) the area east of the Columbia river; one executive from large businesses each from the area west of the Cascades and the area east of the Cascades. The appointive members shall initially be appointed to terms as follows: Three members for one-year terms, three members for two-year terms, and three members for three-year terms which shall include the chairman. Thereafter each succeeding term shall be for three years. The representative from the governor's council of economic advisors shall serve as chairman of the board. The director of the department of commerce and economic development shall serve as vice chairman.

(3) Staff support shall be provided by the department of ((commerce)) trade and economic development to assist the board in implementing this chapter and the allocation of private activity bonds.

(4) All appointive members of the board shall be reimbursed for travel expenses as provided in RCW 43.03.050 and 43.03.060 as now or hereafter amended.

(5) If a vacancy occurs by death, resignation, or otherwise of appointive members of the board, the governor shall fill the same for the unexpired term. Any members of the board, appointive or otherwise, may be removed for malfeasance or misfeasance in office, upon specific written charges by the governor, under chapter 34.04 RCW.

Sec. 2. Section 3, chapter 40, Laws of 1982 1st ex. sess. as last amended by section 89, chapter 287, Laws of 1984 and by section 1 of this act and RCW 43.160.030 are each reenacted to read as follows:

(1) The community economic revitalization board is hereby created to exercise the powers granted under this chapter.

(2) The board shall consist of the director of trade and economic development, the director of community development, the director of revenue, the commissioner of employment security, the secretary of the department

of transportation, the chairman of and one minority member appointed by the speaker of the house of representatives from the committee on trade and economic development of the house of representatives, the chairman of and one minority member appointed by the president of the senate from the committee on commerce and labor of the senate, or the equivalent standing committees, one member each from the committees on ways and means of the senate and house of representatives, or the equivalent standing committees, chosen by the president of the senate or the speaker of the house of representatives, as applicable, and the following members appointed by the governor: A recognized private or public sector economist selected from the governor's council of economic advisors; one port district official; one county official; one city official; one representative of the public; one representative of small businesses each from: (a) The area west of Puget Sound, (b) the area east of Puget Sound and west of the Cascade range, (c) the area east of the Cascade range and west of the Columbia river, and (d) the area east of the Columbia river; one executive from large businesses each from the area west of the Cascades and the area east of the Cascades. The appointive members shall initially be appointed to terms as follows: Three members for one-year terms, three members for two-year terms, and three members for three-year terms which shall include the chairman. Thereafter each succeeding term shall be for three years. The representative from the governor's council of economic advisors shall serve as chairman of the board. The director of the department of commerce and economic development shall serve as vice chairman.

(3) Staff support shall be provided by the department of trade and economic development to assist the board in implementing this chapter and the allocation of private activity bonds.

(4) All appointive members of the board shall be compensated in accordance with RCW 43.03.240 and shall be reimbursed for travel expenses as provided in RCW 43.03.050 and 43.03.060.

(5) If a vacancy occurs by death, resignation, or otherwise of appointive members of the board, the governor shall fill the same for the unexpired term. Any members of the board, appointive or otherwise, may be removed for malfeasance or misfeasance in office, upon specific written charges by the governor, under chapter 34.04 RCW.

Sec. 3. Section 6, chapter 40, Laws of 1982 1st ex. sess. as amended by section 3, chapter 60, Laws of 1983 1st ex. sess. and RCW 43.160.060 are each amended to read as follows:

The board is authorized to make direct loans to political subdivisions of the state for the purposes of assisting the political subdivisions in financing the cost of public facilities, including ((the cost of acquisition and)) development of land and improvements for public facilities, as well as the acquisition, construction, rehabilitation, alteration, expansion, or improvement of

the facilities. ((Grants)) A grant may also be authorized for purposes designated in this chapter, but only when ((grants are uniquely required)), and to the extent that, a loan is not reasonably possible, given the limited resources of the political subdivision.

Application for funds shall be made in the form and manner as the board may prescribe. In making grants or loans the board shall conform to the following requirements:

(1) The board shall not make a grant or loan unless the application includes convincing evidence that a specific private development or expansion is ready to occur and will only occur if the grant or loan is made.

(2) The board shall only make grants or loans for those projects which would result in specific private developments or expansions (a) in manufacturing, production, food processing, assembly, warehousing, and industrial distribution, or (b) which substantially support the trading of goods or services outside of the state's borders. In no instance may the board make a grant or loan for a project where the primary purpose is to facilitate or promote a retail shopping development or expansion.

(3) The board shall prioritize each proposed project according to the number of jobs it would create after the project is completed and according to the unemployment rate in the area in which the jobs would be located. As long as there is more demand for loans or grants than there are funds available for loans or grants, the board is instructed to fund ((those)) projects ((which will lead to the greatest employment once the initial project is completed)) in order of their priority.

(4) The board may not make a grant or loan for any project that probably would result in a development or expansion that would displace existing jobs in any other community in the state.

(5) The board may not make any grant or loan for the acquisition of real property, including buildings and other fixtures which are a part of real property.

(6) A responsible official of the political subdivision shall be present during board deliberations and provide information that the board requests.

((Public facilities funds shall be used for projects to)) (7) The board shall only make loans or grants for projects which it finds will improve the opportunities for the successful maintenance, establishment, or expansion of industrial or commercial plants or will otherwise assist in the creation or retention of long-term economic opportunities. ((The board shall determine whether or not the projects will assist in alleviating unemployment:))

(8) Before any loan or grant application is approved, the political ((subdivisions of the state)) subdivision seeking the loan or grant must demonstrate to the community economic revitalization board that no other timely source of funding is available to ((them)) it at costs reasonably similar to financing available from the community economic revitalization board.

NEW SECTION. Sec. 4. A new section is added to chapter 43.160 RCW to read as follows:

Each agency head of an executive branch agency who is appointed to the community economic revitalization board under RCW 43.160.030 may designate an agency employee to take his or her place on the board for meetings in which the agency head will be absent. The designee shall have all powers to vote and participate in board deliberations as have the other board members.

NEW SECTION. Sec. 5. A new section is added to chapter 43.160 RCW to read as follows:

In order to enhance competition for grants and loans and the quality of projects for which loans and grants are sought, the board shall take such reasonable measures as are necessary to familiarize government officials and members of the public with the provisions of this chapter, particularly the board's authority to make grants and loans.

NEW SECTION. Sec. 6. A new section is added to chapter 43.160 RCW to read as follows:

(1) Except as authorized to the contrary under subsection (2) of this section, from all funds available to the board for loans and grants, the board shall spend at least twenty percent for grants and loans for projects in distressed counties. For purposes of this section, the term "distressed counties" includes any county, in which the average level of unemployment for the three years before the year in which an application for a loan or grant is filed, exceeds the average state employment for those years by twenty percent.

(2) If at any time during the last six months of a biennium the board finds that the actual and anticipated applications for qualified projects in distressed counties are clearly insufficient to use up the twenty percent allocation, then the board shall estimate the amount of the insufficiency and during the remainder of the biennium may use that amount of the allocation for loans and grants for projects not located in distressed counties.

NEW SECTION. Sec. 7. LEGISLATIVE FINDINGS AND POLICY. The legislature finds that there exists in the state of Washington over four billion dollars worth of critical projects for the planning, acquisition, construction, repair, replacement, rehabilitation, or improvement of streets and roads, bridges, water systems, and storm and sanitary sewage systems. The December, 1983 Washington state public works report prepared by the planning and community affairs agency documented that local governments expect to be capable of financing over two billion dollars worth of the costs of those critical projects but will not be able to fund nearly half of the documented needs. It is the policy of the state of Washington to encourage self-reliance by local governments in meeting their public works needs and to assist in the financing of critical public works projects by making loans,

financing guarantees, and technical assistance available to local governments for these projects.

NEW SECTION. Sec. 8. **DEFINITIONS.** Unless the context clearly requires otherwise, the definitions in this section shall apply throughout this chapter.

(1) "Board" means the public works board created in section 9 of this act.

(2) "Department" means the department of community development.

(3) "Financing guarantees" means the pledge of money in the public works assistance account, or money to be received by the public works assistance account, to the repayment of all or a portion of the principal of or interest on obligations issued by local governments to finance public works projects.

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

(5) "Public works project" means a project of a local government for the planning, acquisition, construction, repair, reconstruction, replacement, rehabilitation, or improvement of streets and roads, bridges, water systems, or storm and sanitary sewage systems.

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

NEW SECTION. Sec. 9. **PUBLIC WORKS BOARD CREATED.**

(1) The public works board is hereby created.

(2) The board shall be composed of thirteen members appointed by the governor for terms of four years, except that five members initially shall be appointed for terms of two years. The board shall include: (a) Three members, two of whom shall be elected officials and one shall be a public works manager, appointed from a list of at least six persons nominated by the association of Washington cities or its successor; (b) three members, two of whom shall be elected officials and one shall be a public works manager, appointed from a list of at least six persons nominated by the Washington state association of counties or its successor; (c) three members appointed from a list of at least six persons nominated jointly by the Washington state association of water districts, the Washington public utility districts association, and the Washington state association of sewer districts or their successors; and (d) four members appointed from the general public. In appointing the four general public members, the governor shall endeavor to balance the geographical composition of the board and to include members with special expertise in relevant fields such as public finance, architecture and civil engineering, and public works construction. The governor shall

appoint one of the general public members of the board as chair. The term of the chair shall coincide with the term of the governor.

(3) Staff support to the board shall be provided by the department.

(4) Members of the board shall receive no compensation but shall be reimbursed for travel expenses under RCW 43.03.050 and 43.03.060.

(5) If a vacancy on the board occurs by death, resignation, or otherwise, the governor shall fill the vacant position for the unexpired term. Each vacancy in a position appointed from lists provided by the associations under subsection (2) of this section shall be filled from a list of at least three persons nominated by the relevant association or associations. Any members of the board, appointive or otherwise, may be removed by the governor for cause in accordance with RCW 43.06.070 and 43.06.080.

NEW SECTION. Sec. 10. GENERAL POWERS OF THE BOARD.

The board may:

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

(2) Provide technical assistance to local governments;

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

(4) Adopt rules under chapter 34.04 RCW as necessary to carry out the purposes of this chapter;

(5) Do all acts and things necessary or convenient to carry out the powers expressly granted or implied under this chapter.

NEW SECTION. Sec. 11. PUBLIC WORKS FINANCING POWERS. In order to aid the financing of public works projects, the board may:

(1) Make low-interest or interest-free loans to local governments from the public works assistance account or other funds and accounts for the purpose of assisting local governments in financing public works projects. The board may require such terms and conditions and may charge such rates of interest on its loans as it deems necessary or convenient to carry out the purposes of this chapter. Money received from local governments in repayment of loans made under this section shall be paid into the public works assistance account for uses consistent with this chapter.

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

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

(4) Provide a method for the allocation of loans and financing guarantees and the provision of technical assistance under this chapter.

All local public works projects aided in whole or in part under the provisions of this chapter shall be put out for competitive bids. The competitive bids called for shall be administered in the same manner as all other public works projects put out for competitive bidding by the local governmental entity aided under this chapter.

NEW SECTION. Sec. 12. **ELIGIBILITY AND PRIORITY.** (1) To qualify for loans or pledges under this chapter the board must determine that a local government meets all of the following conditions:

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

(b) The local government must have developed a long-term plan for financing public works needs; and

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

(2) The board shall develop a priority process for public works projects as provided in this section. The intent of the priority process is to maximize the value of public works projects accomplished with assistance under this chapter. The board shall attempt to assure a geographical balance in assigning priorities to projects. The board shall consider at least the following factors in assigning a priority to a project:

(a) Whether the local government receiving assistance has experienced severe fiscal distress resulting from natural disaster or emergency public works needs;

(b) Whether the project is critical in nature and would affect the health and safety of a great number of citizens;

(c) The cost of the project compared to the size of the local government and amount of loan money available;

(d) The number of communities served by or funding the project;

(e) Whether the project is located in an area of high unemployment, compared to the average state unemployment; and

(f) Other criteria that the board considers advisable.

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

(6) Before November 1 of each year, the board shall develop and submit to the ways and means committees of the senate and house of representatives a prioritized list of projects which are recommended for funding by

the legislature. The list shall include, but not be limited to, a description of each project and recommended financing, the terms and conditions of the loan or financial guarantee, the local government jurisdiction and unemployment rate, demonstration of the jurisdiction's critical need for the project and documentation of local funds being used to finance the public works project. The list shall also include measures of fiscal capacity for each jurisdiction recommended for financial assistance, compared to authorized limits and state averages, including local government sales taxes; real estate excise taxes; property taxes; and charges for or taxes on sewerage, water, garbage, and other utilities.

(7) The board shall not sign contracts or otherwise financially obligate funds from the public works assistance account before the legislature has appropriated funds for a specific list of public works projects. The legislature may remove projects from the list recommended by the board. The legislature shall not change the order of the priorities recommended for funding by the board.

NEW SECTION. Sec. 13. RECORDS, AUDITS, AND REPORTS. The board shall keep proper records of accounts and shall be subject to audit by the state auditor. Biennial reports on the activities of the board shall be made by the chair to the governor and the legislature.

NEW SECTION. Sec. 14. FEASIBILITY STUDY. The department shall study the feasibility of innovative financing and development alternatives, such as joint development or privatization, by which local governments may provide needed public services to users. The study shall be conducted on an expeditious basis, making maximum use of available expertise. The department shall report to the board and the legislature on the study's conclusions and recommendations as soon as practicable. The sum of \$75,000, or as much thereof as may be necessary, is appropriated for the biennium ending June 30, 1987, from the public works trust fund to the department of community development for the purpose of this study.

NEW SECTION. Sec. 15. A new section is added to chapter 43.160 RCW to read as follows:

(1) There is hereby created the private activity bond subcommittee of the board.

(2) The subcommittee shall be primarily responsible for reviewing and making recommendations to the board on requests for certification and allocation pursuant to the provisions of chapter 39. RCW (sections 16 through 24 of this act) and as authorized by rules adopted by the board.

(3) The subcommittee shall consist of the following members: Five members of the board including: (a) The chairman; (b) the county official; (c) the city official; (d) the port district official; and (e) the representative of the public. The members' terms shall coincide with their terms of appointment to the board.

(4) Staff support to the subcommittee shall be provided by the department of trade and economic development.

(5) Members of the subcommittee shall receive no compensation but shall be reimbursed for travel expenses under RCW 43.03.050 and 43.03.060.

(6) If a vacancy on the subcommittee occurs by death, resignation, failure to hold the office from which the member was appointed, or otherwise, the vacancy shall be filled through the procedures specified for filling the corresponding vacancy on the board.

PRIVATE ACTIVITY BONDS

NEW SECTION. Sec. 16. LEGISLATIVE FINDINGS AND POLICY. The federal deficit reduction act of 1984 imposes an annual ceiling on the aggregate amount of federally tax-exempt private activity bonds, including student loan bonds, industrial development bonds, and certain government activity bonds, that may be issued during any calendar year by or on behalf of states and their political subdivisions. The deficit reduction act of 1984 provides a formula for allocating the annual ceiling among various issuers of private activity bonds within a state, but permits each state to enact a different allocation method that is appropriate to that state's needs. The purpose of this chapter is to provide a flexible and efficient method of allocating the state ceiling in Washington in a manner that recognizes the need of the state and its political subdivisions to finance public improvements which are owned by those public entities and also promotes industrial and economic development, encourages private investment, and assists students seeking financial aid.

NEW SECTION. Sec. 17. DEFINITIONS. The definitions in this section apply throughout this chapter unless the context clearly requires otherwise.

(1) "Board" means the community economic revitalization board as created by chapter 43.160 RCW.

(2) "Private activity bond subcommittee" means the subcommittee created by section 15 of this act.

(3) "Bonds" means bonds, notes, or other obligations of an issuer.

(4) "Bond purchase agreement" means an executed agreement for the purchase of bonds which may or may not be contingent on the allocation of a portion of the state ceiling for the bonds.

(5) "Bond use category" means any of the following categories of bonds: Government activity bonds, industrial development bonds, or student loan bonds.

(6) "Code" means the federal internal revenue code as it exists, with amendments, on the effective date of this act. It also means the code as amended after the effective date of this act, but only if the amendments are approved by the board as provided in section 21 of this act.

(7) "Department" means the department of trade and economic development or its successor with respect to the powers and duties granted by this chapter.

(8) "Director" means the director of the department or the director's designee.

(9) "Government activity bonds" means bonds that are classified as private activity bonds under the code and that are neither student loan bonds nor revenue bonds issued under Article XXXII of the state Constitution.

(10) "Industrial development bonds" means nonrecourse revenue bonds issued under Article XXXII of the state Constitution.

(11) "Issuer" means the state, any agency or instrumentality of the state, any political subdivision, or any other entity authorized to issue private activity bonds in the state.

(12) "Private activity bonds" means bonds that are private activity bonds as defined in the code.

(13) "State" means the state of Washington.

(14) "State ceiling" means for any calendar year the aggregate amount of private activity bonds that may be issued in the state under the code.

(15) "Student loan bonds" means bonds issued by an issuer that are student loan bonds as defined in the code.

NEW SECTION. Sec. 18. ALLOCATION. (1) The state ceiling shall be allocated each year initially as follows: Forty-five percent to government activity bonds; forty-five percent to industrial development bonds; and ten percent to student loan bonds. The allocation is subject to revision by the board as provided in section 20 of this act.

(2)(a) No issuer is eligible to file a notification form or receive an allocation for the financing of an individual project of more than seven and one-half million dollars of any government activity bond or industrial development bond allocation of the state ceiling without a certificate of approval from the board.

(b) In determining whether to issue a certificate of approval, the board may consider but is not limited to the following criteria:

(i) The number of employment opportunities the project is likely to create in relation to the amount of the bond issuance;

(ii) The level of unemployment in the geographic area likely to be affected by the project;

(iii) Public health and safety benefits;

(iv) The amount of state ceiling which remains unallocated;

(v) The number of persons who will benefit from the project; and

(vi) Other such criteria the board deems appropriate.

(c) The board may condition its certificate of approval on any terms it deems appropriate.

(3) The board shall issue or deny a certificate of approval within sixty days of the filing for an application for the certificate.

(4) The board may delegate to the private activity bond subcommittee of the board, by rule, any of its powers under this chapter.

(5) Subject to the provisions of this chapter, the portion of the state ceiling allocated to a bond use category shall be allocated automatically to an issuer of bonds in that category in the order of the date and time the issuer files a properly completed and signed notification form with the department.

NEW SECTION. Sec. 19. (1) The notification form filed by an issuer shall identify: (a) The amount of the state ceiling allocation that is sought; (b) the bond use category from which the allocation is to be made; (c) a certification by the issuer that a bond purchase agreement has been executed with respect to the bonds for which an allocation is sought; and (d) such other information or evidence of the issuer's intention to issue bonds as the director prescribes.

(2) If the principal amount of the bonds for which an allocation of the state ceiling is sought does not exceed the amount of the state ceiling available in the bond use category applicable to the bonds, the director shall mail a written allocation confirmation notice to the issuer within five business days after the filing of the issuer's notification form for the bonds.

(3) If the principal amount of the bonds for which an allocation of the state ceiling is sought exceeds the amount of the state ceiling available in the bond use category applicable, the director shall mail a written deficiency notice to the issuer within five business days after the filing of the issuer's notification form for such bonds and in that notice advise the issuer of the amount by which the principal amount of the bonds described in the notification form exceeds the available state ceiling. The issuer shall be entitled to an allocation of the remaining available state ceiling in the applicable bond use category upon its filing with the department within fifteen calendar days after the date of the director's deficiency notice, a written notice of the amount of the available state ceiling it will consume.

(4) State ceiling allocation notification forms filed in any year for which a full or partial deficiency notice was given by the director shall be retained on a waiting list. When any state ceiling becomes available that year or on January 1 of the following year for the bond use category for which the notification form was filed, the following rules apply: (a) The director shall notify by mail the issuers on the waiting list; and (b) those issuers who, within five business days of receipt of such notice, certify to the director their intention to issue bonds up to the amount stated in the original notification form, shall receive an allocation of the available state ceiling in the order the original notification forms were filed.

(5) Except as provided in section 20 (2) and (3) of this act, all allocations of the state ceiling shall expire on the ninety-first day after mailing of

the director's allocation confirmation or the notice of allocation, unless the bonds described in the issuer's state ceiling allocation notification form have been delivered to their original purchaser. Each issuer shall file a confirmation of delivery notice with the department within ten days after delivery of the bonds.

NEW SECTION. Sec. 20. REALLOCATION. (1) After June 1 of any year the board may, in its discretion, reallocate the remaining portion of the state ceiling in any bond use category allocated pursuant to section 18(1) of this act that has not been and does not appear reasonably likely to be consumed that year.

(2) The board may in its discretion grant an advanced allocation of the state ceiling in any future year of a portion of the state ceiling for a bond use category, subject to the limitations and criteria in section 18 of this act, and may waive the requirements under section 19(5) of this act that the bonds be issued within ninety days of the director's allocation confirmation and notice of allocation. Advanced allocations shall be deemed to have been received by issuers on January 1 of the year for which they are granted in each year, and in the order they were granted. Any advanced allocation shall be contingent on the existence of available state ceiling. Such advanced allocations shall be considered received before any new allocations are made in a given year.

(3) In December of any year, if the board finds that it is reasonably likely that a portion of the state ceiling otherwise would not be consumed, the board, in its discretion, may grant an allocation of the state ceiling to an issuer for financing of a specific project and waive the requirements under section 19(5) of this act that bonds be issued within ninety days after mailing of the director's allocation confirmation or notice of allocation. The issuer may then carry forward the allocation for the project for a period of time permitted by the code.

NEW SECTION. Sec. 21. RULE-MAKING AUTHORITY. (1) The board may adopt such rules as are necessary to carry out the purposes of this chapter.

(2) In order to permit the full use of the authorized state ceiling under the federal law, the board may adopt rules approving any amendments made to the code after the effective date of this act.

NEW SECTION. Sec. 22. ANNUAL REPORT. The department shall report annually at the start of each annual legislative session to the legislature and the governor on the allocations of the state ceiling made during the previous year.

NEW SECTION. Sec. 23. TERMINATION. The method for making new allocations of the state ceiling provided in sections 18, 19, and 20 of this act shall expire on December 31, 1988, unless extended by law for an additional fixed period of time, except that any guaranteed allocations

granted under section 20(2) of this act and any allocations carried forward under section 20(3) of this act shall remain in full force and effect after that date.

NEW SECTION. Sec. 24. **RATIFICATION.** Any state ceiling allocations taken during 1984 or 1985 in conformance with the code and an applicable executive order of the governor are ratified and confirmed and shall remain in full force and effect notwithstanding any other provision of this act.

Sec. 25. Section 10, chapter 40, Laws of 1982 1st ex. sess. and RCW 43.160.900 are each amended to read as follows:

The community economic revitalization board and its powers and duties shall be terminated on June 30, 1987, and shall be subject to the procedures required by chapter 43.131 RCW. This chapter expires June 30, ((1987)) 1988. Any remaining duties of the community economic revitalization board after June 30, 1987, are transferred to the department of revenue on June 30, 1987.

NEW SECTION. Sec. 26. Sections 16 through 24 of this act shall constitute a new chapter in Title 39 RCW.

NEW SECTION. Sec. 27. 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. 28. **CAPTIONS.** As used in this act, section captions constitute no part of the law.

NEW SECTION. Sec. 29. **CODIFICATION.** Sections 7 through 13 of this act shall constitute a new chapter in Title 43 RCW.

NEW SECTION. Sec. 30. **EFFECTIVE DATES.** (1) Section 1 of this act is necessary for the immediate preservation of the public peace, health, and safety, the support of the state government and its existing public institutions, and shall take effect immediately.

(2) Sections 7 through 14 of this act are necessary for the immediate preservation of the public peace, health, and safety, the support of the state government and its existing public institutions, and shall take effect June 1, 1985.

(3) Sections 2 and 15 through 25 of this act are necessary for the immediate preservation of the public peace, health, and safety, the support of the state government and its existing public institutions, and shall take effect July 1, 1985.

Passed the House April 27, 1985.

Passed the Senate April 27, 1985.

Approved by the Governor May 21, 1985.

Filed in Office of Secretary of State May 21, 1985.