

travel charter and tour operator may withdraw from the account any interest earned and credited to the trust account for the sole benefit of the travel charter and tour operator after all services have been provided as contracted.

(3) A travel charter and tour operator, instead of maintaining a trust account as provided in subsections (1) and (2) of this section, may maintain an adequate bond.

(4) A violation of any provision of this section shall constitute a gross misdemeanor punishable under RCW 9A.20.021(2).

NEW SECTION. Sec. 7. A travel charter or tour operator is not required to comply with section 6 of this act if a written agreement exists between the travel charter or tour operator and a person who meets the requirements of section 2(1)(h) of this act to provide full service in the event the travel charter or tour operator defaults in providing services to passengers, and the travel charter or tour operator states the existence of this agreement in all of its promotional brochures. Any misleading statement is a violation of this section, and shall constitute a gross misdemeanor punishable under RCW 9A.20.021(2).

NEW SECTION. Sec. 8. A violation of sections 3 through 7 of this act shall constitute a violation of RCW 19.86.020.

NEW SECTION. Sec. 9. This chapter does not apply to the sale of public transportation by a public charter operator who is complying with regulations of the United States department of transportation.

NEW SECTION. Sec. 10. Sections 1 through 9 of this act shall constitute a new chapter in Title 19 RCW.

NEW SECTION. Sec. 11. 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. 12. This act shall take effect January 1, 1987.

Passed the House March 11, 1986.

Passed the Senate March 11, 1986.

Approved by the Governor April 4, 1986.

Filed in Office of Secretary of State April 4, 1986.

CHAPTER 284

[House Bill No. 1899]

STATE LAND BANK

AN ACT Relating to a state land bank; amending RCW 30.04.020; adding a new chapter to Title 31 RCW; and creating a new section.

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

NEW SECTION. Sec. 1. The director of general administration, by rule, shall provide for the establishment, incorporation, operation, and regulation of a borrower-owned corporate entity to be known as the Washington land bank. The Washington land bank shall be patterned after the federal land banks organized under the Farm Credit Act of 1971, as amended, within state constitutional limits. The Washington land bank shall be organized by eligible borrowers and shall be designed to accomplish the objective of furnishing sound, adequate, and constructive long-term credit to farmer and rancher borrowers in the state of Washington. For purposes of this chapter, "farmer and rancher" includes producers of privately cultured aquatic products.

NEW SECTION. Sec. 2. The Washington land bank shall be a body corporate and, subject to regulation as provided by rules promulgated by the director of general administration, shall have the power to:

- (1) Adopt and use a corporate seal.
- (2) Have succession until dissolved under this chapter or rules promulgated pursuant to section 1 of this act.
- (3) Make contracts.
- (4) Sue and be sued.
- (5) Acquire, hold, dispose, and otherwise exercise all the usual incidents of ownership of real and personal property necessary or convenient to its business.
- (6) Make and participate in loans, make commitments for credit, accept advance payments, and provide services and other assistance as authorized in this chapter, and charge fees therefor.
- (7) Operate under the direction of its board of directors.
- (8) Elect by its board of directors a president, any vice-president, a secretary, and a treasurer, and provide for such other officers, employees, and agents as may be necessary, define their duties, and require surety bonds or make other provision against losses occasioned by employees.
- (9) Prescribe by its board of directors its bylaws not inconsistent with law providing for the classes of its stock and the manner in which its stock shall be issued, transferred, and retired; its officers, employees, and agents are elected or provided for; its property acquired, held, and transferred; its loans and appraisals made; its general business conducted; and the privileges granted it by law exercised and enjoyed.
- (10) Borrow money and issue notes, bonds, debentures, or other obligations of such character, terms, conditions, and rates of interest as may be determined.
- (11) Participate with one or more other lenders, including federal land banks existing under the Farm Credit Act of 1971, as amended, in loans that the corporation is authorized to make under this chapter.

(12) Deposit its securities and its current funds with any member bank of the federal reserve system or any insured state nonmember bank as defined in section 2 of the Federal Deposit Insurance Act and pay fees therefor and receive interest thereon as may be agreed.

(13) Buy and sell obligations of or insured by the United States or of any agency thereof, and, as may be authorized by its board of directors and by rule promulgated pursuant to section 1 of this act, (a) sell to other lenders interests in loans, (b) buy from other lenders interests in loans which the corporation could make directly under this chapter, and (c) make other investments.

(14) Conduct studies and make and adopt standards for lending.

(15) Amend and modify loan contracts, documents, and payment schedules, and release, subordinate, or substitute security for any of them.

(16) Exercise by its board of directors or authorized officers, employees, or agents all such incidental powers as may be necessary or expedient to carry on the business of the corporation.

NEW SECTION. Sec. 3. The voting stock of the Washington land bank shall be held only by borrowers who are farmers or ranchers, which stock shall not be transferred, pledged, or hypothecated except to other eligible borrowers. The rules promulgated by the director pursuant to section 1 of this act shall provide for the amount, par value, classes, voting, dividends, and other attributes of the stock of the corporation.

NEW SECTION. Sec. 4. The Washington land bank is authorized to make or participate with other lenders in long-term real estate mortgage loans in rural areas to eligible borrowers, and to make continuing commitments to make such loans under specified circumstances, for a term of not less than five nor more than forty years.

NEW SECTION. Sec. 5. Loans made by the Washington land bank shall bear interest at a rate or rates, and on such terms and conditions, as may be determined by the board of directors of the bank from time to time, in accordance with rules promulgated pursuant to section 1 of this act. In setting rates and charges, it shall be the objective to provide the credit needed by eligible borrowers at the lowest reasonable cost on a sound business basis, taking into account the cost of money to the corporation, necessary reserves and expenses of the corporation, and providing services to stockholders and members. The loan documents may provide for the interest rate or rates to vary from time to time during the repayment period of the loan, in accordance with the rate or rates currently being charged by the corporation.

NEW SECTION. Sec. 6. The services authorized in this chapter may be made available to persons who are or become stockholders or members in the Washington land bank and are bona fide farmers or ranchers.

NEW SECTION. Sec. 7. Loans originated by the Washington land bank or in which it participates with another lender, including principal and all accrued interest the payment of which has been deferred pursuant to section 8 of this act, shall not exceed sixty-five percent of the appraised value of the real estate security, and shall be secured by first liens on interests in real estate of such classes as may be provided by rule promulgated pursuant to section 1 of this act. The value of security shall be determined by appraisal under appraisal standards prescribed by such rules. Additional security may be required to supplement real estate security.

NEW SECTION. Sec. 8. A borrower may elect, during the first five years of a loan originated by the Washington land bank or in which it participates with another lender, to defer payment of all or any portion of the principal or interest due from the borrower to the corporation, unless the deferral of such payment would cause the principal and accrued interest on such loan to exceed sixty-five percent of the original appraised value or the current appraised value, whichever is less. Upon such election, the payment schedule related to such loan shall be recomputed and modified to provide for repayment of the principal amount of the loan plus accrued but unpaid interest and all interest which shall accrue during the period of deferral and thereafter over a term equal to the original term of the loan, commencing as of the date of such deferral.

NEW SECTION. Sec. 9. Loans made by the Washington land bank shall be made on the basis of long-term profitability rather than short-term cash flow.

NEW SECTION. Sec. 10. The Washington land bank may, in accordance with rules adopted pursuant to section 1 of this act, cause loans to be originated or serviced by other entities, including cooperative associations organized specifically for the purposes of this chapter, and may pay or charge a fee therefor.

NEW SECTION. Sec. 11. Loans made by the Washington land bank to farmers and ranchers may be for any agricultural need of the borrower. The bank may own and lease, or lease with option to purchase, to persons eligible for assistance under this chapter, facilities needed in the operations of such persons.

NEW SECTION. Sec. 12. The provisions of the general corporation laws of this state, and all powers and rights thereunder, shall apply to the corporation organized under this chapter, except where such provisions are in conflict with or inconsistent with the express provisions of this chapter or rules adopted pursuant to section 1 of this act.

NEW SECTION. Sec. 13. Bonds and other evidences of indebtedness issued pursuant to this chapter shall not be obligations of the state of Washington and shall be obligations only of the Washington land bank established pursuant to this chapter. Funds of the Washington land bank shall

not be or constitute public moneys or funds of the state of Washington but shall at all times be kept segregated and set apart from other funds.

NEW SECTION. Sec. 14. There is hereby created the land bank advisory committee to advise the department of general administration in the development of rules and procedures under section 1 of this act which apply to the establishment of the Washington land bank. The committee shall be composed of nine members: One member from each caucus appointed by the president of the senate; one member from each caucus appointed by the speaker of the house of representatives; the director of agriculture or his or her designee; one member knowledgeable in agricultural financing appointed by the director of general administration; two members representing agricultural producers appointed by the director of agriculture; and the director of general administration, or his or her designee.

The advisory committee shall meet at the call of the chair elected by the committee, but shall not meet less than four times. The advisory committee shall provide a report on the status of implementation of the Washington land bank to the legislature by January 1, 1987.

Sec. 15. Section 30.04.020, chapter 33, Laws of 1955 as last amended by section 2, chapter 42, Laws of 1983 and RCW 30.04.020 are each amended to read as follows:

The name of every bank shall contain the word "bank" and the name of every trust company shall contain the word "trust," or the word "bank." Except as provided in RCW 33.08.030, no person except:

- (1) A national bank;
- (2) A bank or trust company authorized by the laws of this state;
- (3) A corporation established under section 1 of this 1986 act;
- (4) A foreign corporation authorized by this title so to do, shall,
 - (a) Use as a part of his or its name or other business designation or in any manner as if connected with his or its business or place of business any of the following words or the plural thereof, to wit: "bank," "banking," "banker," "trust."
 - (b) Use any sign at or about his or its place of business or use or circulate any advertisement, letterhead, billhead, note, receipt, certificate, blank, form, or any written or printed or part written and part printed paper, instrument or article whatsoever, directly or indirectly indicating that the business of such person is that of a bank or trust company.

This section shall not prevent a lender approved by the United States secretary of housing and urban development for participation in any mortgage insurance program under the National Housing Act from using the words "mortgage banker" or "mortgage banking" in the conduct of its business, but only if both words are used together in either of the forms which appear in quotations in this sentence.

Every person who, and every director and officer of every corporation which, to the knowledge of such director or officer violates any provision of this section shall be guilty of a gross misdemeanor.

NEW SECTION. Sec. 16. 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. 17. Sections 1 through 13 of this act shall constitute a new chapter in Title 31 RCW.

Passed the House March 8, 1986.

Passed the Senate March 5, 1986.

Approved by the Governor April 4, 1986.

Filed in Office of Secretary of State April 4, 1986.

CHAPTER 285

[Engrossed Second Substitute Senate Bill No. 3574]

LEASEHOLD EXCISE TAXATION—REVISIONS

AN ACT Relating to leasehold excise taxation; amending RCW 82.29A.020, 82.29A.120, and 84.40.175; and declaring an emergency.

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

Sec. 1. Section 2, chapter 61, Laws of 1975-'76 2nd ex. sess. as amended by section 11, chapter 196, Laws of 1979 ex. sess. and RCW 82.29A.020 are each amended to read as follows:

As used in this chapter the following terms shall be defined as follows, unless the context otherwise requires:

(1) "Leasehold interest" shall mean an interest in publicly owned real or personal property which exists by virtue of any lease, permit, license, or any other agreement, written or verbal, between the public owner of the property and a person who would not be exempt from property taxes if that person owned the property in fee, granting possession and use, to a degree less than fee simple ownership: **PROVIDED**, That no interest in personal property (excluding land or buildings) which is owned by the United States, whether or not as trustee, or by any foreign government shall constitute a leasehold interest hereunder when the right to use such property is granted pursuant to a contract solely for the manufacture or production of articles for sale to the United States or any foreign government. The term "leasehold interest" shall include the rights of use or occupancy by others of property which is owned in fee or held in trust by a public corporation, commission, or authority created under RCW 35.21.730 or 35.21.660 if the property is listed on or is within a district listed on any federal or state register of historical sites. The term "leasehold interest" shall not include road or utility easements or rights of access, occupancy or use granted solely for