merging credit union that are known or reasonably should be known are assumed by the continuing credit union. The continuing credit union shall cause to be published notice of merger once a week for three consecutive weeks in a newspaper of general circulation in the county in which the principal place of business of the merging credit union is located. The notice of merger shall inform creditors of the merging credit union how to make a claim on the continuing credit union and that if a claim is not made upon the continuing credit union within thirty days of the last date of publication creditors' claims that are not known by the continuing credit union may be barred. Unless a claim is filed as requested by the notice, or unless the debt or obligation is known or reasonably should be known by the continuing credit union, the debts and obligations of the merging credit union are discharged. Upon merger the charter of the merging credit union ceases to exist.

Passed the House February 6, 1987.
Passed the Senate April 7, 1987.
Approved by the Governor May 12, 1987, with the exception of certain items which were vetoed.
Filed in Office of Secretary of State May 12, 1987.

Note: Governor's explanation of partial veto is as follows:

"I am returning herewith, without my approval as to section 5, House Bill No. 146, entitled:

"AN ACT Relating to credit unions."

This bill makes several changes to the Credit Union Code as revised by the Legislature in 1984. State chartered credit unions are now granted the authority to engage in activities permitted for federal credit unions in this update.

Section 5 of House Bill No. 146 is applicable to all credit union members with sums owing a credit union. It would significantly expand a credit union's authority over access to members' accounts without establishing adequate limitations on the exercise of this authority. If this section were left in, it would grant a statutory right of immediate set-off which would allow a credit union the right to refuse withdrawals from any share account of a member who owes any sum to the credit union. I do not feel that it is necessary to create this statutory right. Typically, members are asked by their credit unions to sign a consensual lien on their shares as collateral for loans. It is my understanding that other organizations in the banking industry do not have similar statutory lien rights but, like credit unions, must rely on consensual authorization from their depositors. For this reason I have vetoed section 5.

With the exception of section 5, House Bill No. 146 is approved."

CHAPTER 339

[Substitute House Bill No. 902]

CIVIL SERVICE EXEMPTIONS—CERTAIN FIRE DEPARTMENT AND POLICE DEPARTMENT CHIEFS

AN ACT Relating to cities and towns; amending RCW 41.08.050 and 41.12.050; adding new sections to chapter 35.21 RCW; creating a new section; providing an effective date; and declaring an emergency.

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

Sec. 1. Section 4, chapter 31, Laws of 1935 and RCW 41.08.050 are each amended to read as follows:

The classified civil service and provisions of this chapter shall include all full paid employees of the fire department of each city, town or municipality coming within its purview, ((~~including the chief of that department~~)) except that individuals appointed as fire chief after July 1, 1987, may be excluded by the legislative body of the city, town, or municipality. All appointments to and promotions in said department shall be made solely on merit, efficiency and fitness, which shall be ascertained by open competitive examination and impartial investigation. No person shall be reinstated in, or transferred, suspended or discharged from any such place, position or employment contrary to the provisions of this chapter.

Sec. 2. Section 4, chapter 13, Laws of 1937 and RCW 41.12.050 are each amended to read as follows:

The classified civil service and provisions of this chapter shall include all full paid employees of the police department of each city, town or municipality coming within its purview, ((~~including the chief of that department~~)) except that individuals appointed as police chief after July 1, 1987, to a department with six or more commissioned officers, including the police chief, may be excluded by the legislative body of the city, town or municipality. All appointments to and promotions in said department shall be made solely on merit, efficiency and fitness, which shall be ascertained by open competitive examination and impartial investigation. No person shall be reinstated in or transferred, suspended or discharged from any such place, position or employment contrary to the provisions of this chapter.

NEW SECTION. Sec. 3. The intent of this act is to require certain qualifications for candidates for the office of chief of police or marshal, which position in whole or in part oversees law enforcement personnel or activities for a city or town.

The legislature finds that over the past century the field of law enforcement has become increasingly complex and many new techniques and resources have evolved both socially and technically. In addition the ever–changing requirements of law, both constitutional and statutory provisions protecting the individual and imposing responsibilities and legal liabilities of law enforcement officers and the government of which they represent, require an increased level of training and experience in the field of law enforcement.

The legislature, therefore finds that minimum requirements are reasonable and necessary to seek and hold the offices or office of chief of police or marshal, and that such requirements are in the public interest.

NEW SECTION. Sec. 4. (1) A person seeking appointment to the office of chief of police or marshal, of a city or town, including a code city, with a population in excess of one thousand, is ineligible unless that person:

(a) Is a citizen of the United States of America;

(b) Has obtained a high school diploma or general equivalency diploma;

(c) Has not been convicted under the laws of this state, another state, or the United States of a felony;

(d) Has not been convicted of a gross misdemeanor or any crime involving moral turpitude within five years of the date of application;

(e) Has received at least a general discharge under honorable conditions from any branch of the armed services for any military service if the person was in the military service;

(f) Has completed at least two years of regular, uninterrupted, full-time commissioned law enforcement employment involving enforcement responsibilities with a government law enforcement agency; and

(g) The person has been certified as a regular and commissioned enforcement officer through compliance with this state's basic training requirement or equivalency.

(2) A person seeking appointment to the office of chief of police or marshal, of a city or town, including a code city, with a population of one thousand or less, is ineligible unless that person conforms with the requirements of subsection (1) (a) through (e) of this section. A person so appointed as chief of police or marshal must successfully complete the state's basic training requirement or equivalency within nine months after such appointment, unless an extension has been granted by the criminal justice training commission.

(3) A person seeking appointment to the office of chief of police or marshal shall provide a sworn statement under penalty of perjury to the appointing authority stating that the person meets the requirements of this section.

NEW SECTION. Sec. 5. Before making an appointment in the office of chief of police or marshal, the appointing agency shall complete a thorough background investigation of the candidate. The Washington association of sheriffs and police chiefs shall develop advisory procedures which may be used by the appointing authority in completing its background investigation of candidates for the office of chief of police or marshal.

NEW SECTION. Sec. 6. In the case of a vacancy in the office of chief of police or marshal, all requirements and procedures of sections 4 and 5 of this act shall be followed in filling the vacancy.

NEW SECTION. Sec. 7. Sections 4 through 6 of this act are each added to chapter 35.21 RCW.

NEW SECTION. Sec. 8. 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. 9. This act is necessary for the immediate preservation of the public pace, health and safety, the support of the state government and its existing public institutions, and shall take effect July 1, 1987.

Passed the House April 24, 1987.
Passed the Senate April 23, 1987.
Approved by the Governor May 12, 1987.
Filed in Office of Secretary of State May 12, 1987.

CHAPTER 340

[Substitute Senate Bill No. 5520]

LOCAL IMPROVEMENT DISTRICTS—FINANCING LIMITATIONS—RESERVE FUNDS

AN ACT Relating to improvement districts; and amending RCW 35.51.040.

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

Sec. 1. Section 8, chapter 397, Laws of 1985 and RCW 35.51.040 are each amended to read as follows:

For the purpose of securing the payment of the principal of and interest on an issue of local improvement bonds, notes, warrants, or other short-term obligations, the legislative authority of a municipality may create a reserve fund in an amount not exceeding fifteen percent of the principal amount of the bonds, notes, or warrants issued. The cost of a reserve fund may be included in the cost and expense of any local improvement for assessment against the property in the local improvement district to pay the cost, or any part thereof. The reserve fund may be provided for from the proceeds of the bonds, notes, warrants, or other short-term obligations, from special assessment payments, or from any other money legally available therefor. The legislative authority of a municipality shall provide that after payment of administrative costs a sum in proportion to the ratio between the part of the original assessment against a given lot, tract, or parcel of land in a local improvement district assessed to create a reserve fund, if any, and the total original amount of such assessment, plus a proportionate share of any interest accrued in the reserve fund, shall be credited and applied, respectively, to any nondelinquent portion of the principal of that assessment and any nondelinquent installment interest on that assessment paid by a property owner, but in no event may the principal amount of bonds outstanding exceed the principal amount of assessments outstanding.