

CHAPTER 33.

[S. B. 201.]

IMPROVEMENTS BY PORT DISTRICTS AND ISSUANCE
OF REVENUE BONDS.

AN ACT relating to port districts, and to the construction of improvements by such port districts and the issuance of revenue bonds to pay the cost thereof; authorizing port districts to enter into additional covenants and trust indentures; providing for the safeguarding and custody of funds; providing for the further security of the holder of such bonds; validating proceedings heretofore taken for the issuance of said bonds; and protecting the enforcement of bonds in the event of refunding; and amending sections 5, 6 and 7, chapter 218, Laws of 1941 (sections 9718-5, 9718-6 and 9718-7, Rem. Supp. 1941) and amending chapter 218, Laws of 1941 by adding thereto three sections to be known as sections 5-a, 8-a and 8-b; providing for a validity clause; and declaring an emergency.

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

SECTION 1. Section 5, chapter 218, Laws of 1941 (section 9718-5, Rem. Supp. 1941), is amended to read as follows: Amendments.

Section 5. Bonds issued under the provisions of this act shall be payable solely out of revenues received from the use of the improvements acquired and/or constructed from the proceeds of the sale of such bonds, or from the proceeds of the sale or other disposition of said improvements. Moneys received by any port district from the sale or condemnation of property constructed or acquired by the issuance of revenue bonds under the authority of this act shall be used solely for the payment of the principal of and interest on the revenue bonds issued to pay the cost of construction or acquiring such property to the extent necessary to pay such principal and interest in full. Said bonds may be authorized by resolution adopted by the Port Commission of such port district. Such resolution or the trust indenture authorized by such resolution to secure such bonds Payable solely from revenues.

Resolution for bonds and fund.

as hereinafter provided, or both such resolution and trust indenture, shall provide for the creation of a special fund or funds into which fund or funds the Port Commission may obligate and bind such port district to set aside and pay a fixed proportion of the gross revenues received from the use of said improvements, or any fixed amount out of and not exceeding a fixed proportion of such revenue, or a fixed amount without regard to any fixed proportion, which fund or funds shall be drawn upon solely for the purpose of paying the principal and interest upon the bonds issued pursuant to this act. Such bonds shall be negotiable instruments under the law merchant even though they shall be payable solely from such special fund or funds and shall never be deemed a charge upon the tax revenues of such port district. Such bonds shall state upon their face that they are payable from such special fund or funds. Should the corporate authorities of any port district fail to set aside and pay into such fund or funds the payments provided for in such resolution or the trust indenture authorized by such resolution to secure such bonds as hereinafter provided, or in both such resolution and trust indenture, the holder of any such bonds may bring suit to compel compliance with the terms of such resolution or trust indenture, or both. Pending the preparation and execution of such bonds, temporary bonds may be issued in such form as the Port Commission of the port district may elect.

Proportion to fund.

Bonds negotiable.

Statement on bonds.

Holder may compel compliance.

Temporary bonds.

May secure by trust indenture.

Depository or trustee.

In the discretion of the Port Commission of any such port district, such bonds may be secured by a trust indenture, including indentures supplemental thereto, by and between such port district and a trustee, which shall be any trust company or bank having the powers of a trust company within or outside of the state.

Such trust indenture may appoint a depository and trustee to receive and disburse in the place and

stead of the County Treasurer, ex-officio treasurer of such port district, notwithstanding any other provision of the law to the contrary, all moneys received and to be received by said port district as the proceeds of sale of such bonds, and from the ownership, operation, sale, lease or other use or disposition of the improvements acquired from the proceeds of the sale of such bonds; and may pledge or assign to such depositary and trustee revenues to be received from the use of the improvements acquired and/or constructed from the proceeds of the sale of such bonds, and may pledge or assign moneys received as the proceeds of the sale, leasing or other disposition of said improvements, but shall not convey or mortgage such improvements or any part thereof. Either the resolution providing for the issuance of such bonds or such trust indenture or both, may contain such provisions for protecting and enforcing the rights and remedies of the bondholders as may be reasonable and proper, not in violation of law, including covenants setting forth the duties of the port district in relation to the construction, acquisition, betterment, maintenance, operation, repair and insurance of the improvements, and the custody, safeguarding and application of all moneys, and may also provide that such improvements shall be constructed and/or acquired and paid for under the supervision and approval of engineers employed or designated by the Port Commission of any such port district and satisfactory to the original purchasers of the bonds issued therefor, and may also require that security given by contractors and by any depositary and trustee of the proceeds of the bonds or revenues from the use of such improvements or other disposition thereof or any moneys pertaining thereto, be satisfactory to such purchasers. It shall be lawful for any bank or trust company incorporated under the laws of this state to act as such depositary and trustee and to

May receive
and disburse
all proceeds.

Holders'
rights
protected.

Set forth
duties.

Bank
may be
depositary.

furnish such indemnifying bonds or to pledge such securities as may be required by such Port Commission.

Security required.

Holder of bonds not required to see application.

The Reconstruction Finance Corporation or any other agency of the United States Government making any such loan, or any other holder or owner of any bonds authorized by and issued pursuant to the provisions of this act shall not be required to see to the application of the moneys derived from such bonds to the purposes for which said bonds are issued as specified in any resolution or indenture, or both, authorizing the issuance thereof.

Amendment by adding new section.

SEC. 2. Chapter 218, Laws of 1941 (sections 9718-1 to 9718-8, Rem. Supp. 1941), is amended by adding thereto a new section to be known as section 5-a to read as follows:

Right of bondholders set forth.

Section 5-a. Any resolution or trust indenture authorizing the issuance of bonds pursuant to the provisions of this act, or both, may set forth the rights and remedies of the bondholders and of the depositary and trustee, and may restrict the individual right of action of bondholders as is customary in trust indentures securing bonds and debentures of corporations. In addition to the foregoing such resolution or trust indenture or both may contain such other provisions as the Port Commission of such port district may deem reasonable and proper, not in violation of law, for the security of the bondholders, which provisions may be those specifically described and authorized elsewhere in this act to be contained in the resolution authorizing issuance of such bonds, or may be other similar provisions customarily contained in trust indentures for the security of bondholders.

Restrict right of action.

Security of holders protected.

Covenants.

Without limiting the generality of the foregoing, any such resolution or indenture, or both, may contain covenants as to:

(1) The creation of a special fund or funds into which the proceeds of bonds issued pursuant to this act shall be deposited and the terms and conditions upon which payments may be made from said funds, and for the payment of interest on bonds issued pursuant hereto from the moneys in said funds;

Funds and
payment.

(2) Maintaining rents, rates and charges for the use of the improvements constructed or acquired from the proceeds of such bonds and services rendered in connection therewith sufficient at all times to provide revenues to pay the interest of and principal on all bonds and other obligations payable from said revenues, and to meet all other payments from said revenues pursuant to, or as provided in, any resolution or indenture, or both, adopted or entered into in connection with the issuance of bonds under this act, and to pay the operating and maintenance costs of such improvements;

Charges to be
maintained.

(3) Limitations upon the power of the Port Commission or other governing body of any such port district, or any other corporate authorities thereof, to divert the revenues derived from the operation, sale or lease or other disposition of any such improvements to any other purposes than the payment of the principal of and interest on all bonds payable from said revenues, and other payments from said revenues pursuant to, or as provided in, any resolution or indenture, or both, adopted or entered into in connection with the issuance of bonds under this act, and the payment of operating and maintenance costs of such improvements, and requiring the application of surplus revenues over and above said payments to the retirement of bonds or other obligations constituting a charge on said revenues as provided in such resolution or trust indenture, or both;

Limitation
of diver-
sions.

Application
of surplus.

(4) The collection, depositing, custody and disbursement of the revenues of any such improvements, in the place and stead of the County Treas-

Handling of
revenues.

- surer, ex-officio treasurer of such port district, notwithstanding any other provision of law to the contrary, including a specification of a depository and trustee designated to hold such deposits and granting to such depository and trustee, or other banks or trust companies authority to act as fiscal agent of any such port district for the custody of the proceeds of bonds and the moneys held in any fund created pursuant to said act or any such resolution or indenture, or both, authorizing such bonds, and to represent the holders of such bonds in the event of a default on such bonds or in the event of a default in the performance of any duty or obligation of such port district, or the corporate authorities thereof, in connection therewith, with such power and duty as such resolution or indenture, or both, may provide;
- Fiscal agent.**
- Budgets.** (5) The preparation of an annual budget and of monthly budgets for the operation, maintenance, renewal and replacement of said improvements, and the manner in which such budgets will be prepared and adopted, including the holding of public hearings thereon and limiting the authority to incur indebtedness or make expenditures in excess of such budgets;
- Budget hearings.**
- Reserve and other funds.** (6) The creation and administration of reserve and other funds for the payment of all indebtedness payable from the revenues of said improvements at or prior to maturity, and for the creation of working funds, depreciation funds, renewal funds, replacement funds, reserves for extraordinary repairs and any other fund deemed necessary or desirable to insure the continued profitable operation of said improvements;
- Collateral security.** (7) The deposit of collateral security or indemnity bonds to secure the proceeds of all bonds issued pursuant to this act, and of all revenues of any such improvements and all moneys deposited in any spe-

cial fund created under the authority of this act, or any covenant hereunder;

(8) The obligation of any such port district to maintain such improvements in good condition and to operate same in an economical and efficient manner;

Obligation to maintain.

(9) The amount and kind of insurance to be carried by any such port district in connection with such improvements, and the equipment and properties thereof, the companies in which such insurance shall be carried and the term thereof, and the application of the proceeds of any such insurance, and all adjustments of losses, under any policy of insurance carried on such improvements;

Insurance.

(10) Limitations upon the amount of additional bonds, warrants, or other obligations payable from the revenues of such improvements which may be issued thereafter, and the terms and conditions upon which such additional bonds, warrants or other obligations may be issued;

Limit on obligations.

(11) Limitations upon the creation of additional liens or encumbrances on the real or personal property of any such improvements;

Limit on encumbrances.

(12) The terms and conditions upon which the improvements, or any part thereof, may be purchased, acquired, sold, mortgaged, leased or otherwise disposed of, and the use or other disposition of the proceeds of any such sale, mortgage or lease;

Terms of disposition.

(13) The operation, maintenance, management, accounting and auditing, and the keeping of records, reports and audits of any such improvements and the publication of same;

Records and audits.

(14) The appointment, powers and duties of a receiver in the event of a default in the payment of the principal of or interest on any bonds issued pursuant to this act, or in the event of a default in the performance of any duty or obligation of any such port district or the corporate authorities thereof, in

Receivership.

connection therewith, such receiver to be appointed as a matter of right upon application to any court of competent jurisdiction at the instance of a holder or owner, or holders or owners, of any such bonds;

Amendment
by assent of
holders.

(15) The amendment or modification of any resolution or indenture or both authorizing the issuance of any bonds hereunder, and the terms and conditions, and the amount or percentage of assenting bonds necessary to effectuate such amendment or modification;

Restricting
preferential
rates.

(16) Limitations on the use of the improvements or services rendered in connection therewith without payment therefor, restrictions upon the diversion of business or the giving or permitting of preferential treatment in rates or service or otherwise to other port facilities of such district, in competition with, or to the detriment of, the improvements constructed and/or acquired under this act, and obligations of the district as to the requiring of prior or preferential use of the improvements constructed and/or acquired under this act; and

Other
covenants as
may be
necessary.

(17) Such other covenants as may be deemed necessary or desirable to insure a successful and profitable operation of any such improvements.

Commission
rate
authority.

The Port Commission of any such port district shall have full and complete authority to fix rents, rates and charges for the use and occupation of, and any services rendered in connection with, any such improvements.

Expenses
part of cost.

All expenses incurred in carrying out such trust indenture may be treated as a part of cost of operation, maintenance and repair of said improvements.

Authorize by
resolution.

Any provision required or permitted to be contained in the resolution authorizing issuance of such revenue bonds hereunder may also or instead be contained in such trust indenture, and the execution of any such trust indenture shall be authorized by the resolution authorizing issuance of the bonds,

which resolution may authorize issuance of the bonds pursuant to the terms of such trust indenture. The bonds issued pursuant to the terms of such trust indenture and secured thereby may be made payable at the office of the trustee and/or such other place or places within or outside the state as the trust indenture may provide, and all funds held by the trustee shall be held in trust solely for the purposes designated in such trust indenture.

Place of
payment.

SEC. 3. Section 6, chapter 218, Laws of 1941 (section 9718-6, Rem. Supp. 1941), is amended to read as follows:

Amendments.

Section 6. Any such port district may from time to time refund any bonds authorized by and issued pursuant to this act by the issuance of new bonds as herein provided, whether the bonds to be refunded have or have not matured and may issue bonds to refund matured coupons evidencing interest upon any such bonds so refunded. Any such port district may issue bonds partly to refund bonds and matured coupons as above provided, and partly for any other purposes in connection with the construction, betterment, operation and maintenance of such improvements. No defense of invalidity, or irregularity in any such bonds funded or refunded by the issuance of bonds hereunder shall be a valid defense in any action at law or equity for a judgment upon or for the enforcement or collection of any bonds authorized by and issued pursuant to this act, and no court shall have jurisdiction to entertain any such defense in any such action or proceeding.

District may
refund.

Refunding
operation.

Invalidity
no defense.

SEC. 4. Section 7, chapter 218, Laws of 1941 (section 9718-7, Rem. Supp. 1941), is amended to read as follows:

Amendments.

Section 7. Any resolution authorizing the issuance of bonds pursuant to the provisions of this act may contain covenants of any such port district to protect and safeguard the security and rights of the

Resolution
may protect
bondholders.

holders of any such bonds, and such other covenants not inconsistent with the other provisions of this act which will increase the marketability of such bonds. The provisions of this act and of any such resolution and of any trust indenture entered into pursuant to section 5 of this act, shall constitute a contract with the holders of such bonds and the provisions thereof shall be enforceable by any owner or holder of such bonds by mandamus or any other appropriate suit, action or proceeding at law or in equity in any court of competent jurisdiction.

Amendment
by adding
new section.

SEC. 5. Chapter 218, Laws of 1941 (sections 9718-1 to 9718-8, Rem. Supp. 1941), is amended by adding thereto a new section to be known as section 8-a to read as follows:

Prior acts
validated.

Section 8-a. Any proceedings which have heretofore been taken by any port district and any contracts which have heretofore been entered into by such port district, including contracts entered into through issuance of revenue bonds or through the execution of any trust indenture to secure such bonds, which proceedings or contracts are authorized under the provisions of this act, shall be regarded as having been taken or entered into under the authority of this act, notwithstanding the fact that such proceedings may have been taken or such contracts may have been entered into prior to the enactment hereof, and such proceedings and such contracts are hereby validated, ratified and confirmed.

Amendment
by adding
new section.

SEC. 6. Chapter 218, Laws of 1941 (sections 9718-1 to 9718-8, Rem. Supp. 1941), is amended by adding thereto a new section to be known as section 8-b to read as follows:

Limitation
of invalidity.

Section 8-b. Notwithstanding any other evidence of legislative intent, it is hereby declared to be the controlling legislative intent that if any provision of this act, or the application thereof to any person or circumstance, is held invalid, the remainder of the

act and the application of such provision to persons or circumstances other than those as to which it is held invalid, shall not be affected thereby.

SEC. 7. This act is necessary for the immediate preservation of the public peace and safety and for the support of the state government and its existing public institutions, and shall take effect immediately.

Effective immediately.

Passed the Senate February 16, 1943.

Passed the House February 24, 1943.

Approved by the Governor February 25, 1943.

CHAPTER 34.

[S. B. 19.]

TAXATION—LIEN OF TAXES—LIABILITY FOR PAYMENT OF TAXES AS BETWEEN VENDOR AND VENDEE; AND GRANTOR AND GRANTEE.

AN ACT relating to taxation, the lien of taxes, the liability for payment of taxes as between grantor and grantee, and as between vendor and purchaser, and amending section 7, chapter 30, Laws of 1935, as amended by section 45, chapter 206, Laws of 1939 (section 11265 of Remington's Revised Statutes, Supplement), and stating effective date.

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

SECTION 1. That section 7, chapter 30, Laws of 1935, as amended by section 45, chapter 206, Laws of 1939 (section 11265 of Remington's Revised Statutes, Supplement) be amended to read as follows:

Amendments.

Section 7. The taxes assessed upon real property shall be a lien thereon from and including the first day of January in the year in which they are levied until the same are paid, but as between the grantor and the grantee of any real property, and as between the vendor and the purchaser of any real property, when there is no express agreement as to payment of the taxes thereon due and payable in the calendar year of the sale or the contract to sell, the grantor

Taxes lien upon realty from Jan. 1.