

CHAPTER 74.

[Substitute Senate Bill No. 233.]

GENERAL OBLIGATION BONDS—POLITICAL SUBDIVISIONS—MUNICIPAL CORPORATIONS.

AN ACT relating to general obligation bonds of political subdivisions and municipal and quasi municipal corporations of the state of Washington; amending sections 1 and 3, chapter 151, Laws of 1923, as last amended by sections 1 and 2, chapter 141, Laws of 1961, and RCW 39.44.010 and 39.44.030; amending section 2, chapter 151, Laws of 1923, and RCW 39.44.020; adding a new section to chapter 39.44 RCW; and declaring an emergency.

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

RCW 39.44.010 amended.

SECTION 1. Section 1, chapter 151, Laws of 1923, as last amended by section 1, chapter 141, Laws of 1961, and RCW 39.44.010 are each amended to read as follows:

Bonds of political subdivisions, municipal corporations. Must be serial in form and maturity— Interest— Coupons— Coupon notes— Annual maturities— Ordinances, resolutions.

Hereafter all general obligation bonds, including refunding bonds, issued under lawful authority by any political subdivision, or municipal or quasi municipal corporation now or hereafter existing under the laws of the state of Washington, hereinafter in this amendatory act called the "issuer", shall be serial in form and maturity and numbered from one upward consecutively. Except for the first interest payment which may be at any time not more than twelve months from date of issue, interest on all such bonds shall be payable semi-annually. The interest on coupon bonds may only be evidenced by a single coupon and no more than one coupon rate may be fixed for all bonds maturing on the same date. The various annual maturities of such bonds, except refunding bonds, shall commence not less than two years or more than five years from the date of issue and shall be fixed in the ordinance or resolution authorizing the sale of the same in amounts that will result in a differ-

ence of not more than five thousand dollars between the highest and lowest annual payment of principal and interest, excluding the years up to and including the year in which principal payments commence, computed on the anticipated effective interest rate such governing body shall in its discretion determine will be borne by such bonds. The provisions of this section shall not constitute any limitation on the number of coupon rates of interest or the amount of difference between the highest and lowest interest rates that may be specified by bidders: *Provided*, That such governing body may, in its discretion, in the sale proceedings, limit the number of interest rates and the amount of difference between the highest and lowest rates bid.

SEC. 2. Section 2, chapter 151, Laws of 1923, and RCW 39.44.020 are each amended to read as follows:

RCW 39.44.020 amended.

The officials now or hereafter charged by law with the duty of levying taxes for the payment of said bonds and interest shall, in the manner provided by law, make an annual levy sufficient to meet the payments of principal and interest on said bonds maturing as herein provided.

Tax levy for interest and principal.

SEC. 3. Section 3, chapter 151, Laws of 1923, as last amended by section 2, chapter 141, Laws of 1961, and RCW 39.44.030 are each amended to read as follows:

RCW 39.44.030 amended.

Before any general obligation bonds issued by any county, city, town, school district, port district, or metropolitan park district shall be offered for sale the governing body issuing such bonds shall designate the maximum effective rate of interest said bonds shall bear, which shall not be in excess of that allowed by law. When a vote of the electors shall have been taken on the question of the issuance of such bonds and the proposition submitted

Effective rate of interest—
Sale—Notice—
Bids.

Bonds of
political
subdivisions,
municipal
corporations.
Effective rate
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to the electors shall have specified the maximum effective rate of interest to be borne by said bonds, no increase of such maximum effective rate of interest shall be made by the governing body. All such bonds, including refunding bonds, shall be sold at public sale, and a notice calling for bids for the purchase of said bonds shall be published once a week for four consecutive weeks in the official newspaper of the issuer, and such other notice shall be given as the governing body may direct; or, if there be no official newspaper of the issuer, the publication shall be made in a newspaper of general circulation in the county in which the issuer is located. Such notice shall specify a place, and designate a day and hour subsequent to the date of the last publication and at least twenty-three days subsequent to the date of the first publication thereof when sealed bids will be received and publicly opened for the purchase of said bonds. A copy of such notice shall, at least three weeks prior to the date fixed for the sale, be mailed to the state finance committee, Olympia, Washington. The notice shall specify the maturity schedule and the maximum effective rate of interest such bonds shall bear, and shall require bidders to submit a bid specifying (1) the lowest rate or rates of interest and premium, if any, above par, at which such bidder will purchase said bonds; or (2) the lowest rate or rates of interest at which the bidder will purchase said bonds at par. The bonds shall be sold to the bidder offering to purchase the same at the lowest net interest cost to the issuer over the life thereof, subject to the right of the governing body to reject any and all bids. None of such bonds shall be sold at less than par and accrued interest, nor shall any discount or commission be allowed or paid to the purchaser or purchasers of such bonds. All bids shall be sealed and, except the bid of the state of

Washington, if one is received, shall be accompanied by a good faith deposit of five percent, either in cash or by cashier's or certified check made payable to the treasurer of the issuer, of the amount of the principal par value of such bonds, which shall be promptly returned if the bid is not accepted; and if the successful bidder shall fail or neglect to complete the purchase of said bonds by the time specified in the notice of sale for the delivery of said bonds, the amount of his deposit shall be forfeited to the issuer, and in the event the governing body may accept the bid of the one making the next best bid if such bidder agrees to purchase said bonds under the terms provided in his bid, or if all bids be rejected such governing body, if it decides to reoffer such bonds for sale, shall readvertise said bonds for sale in the same manner as herein provided for the original advertisement. If there be two or more equal bids and such bids are the best bids received, the governing body shall determine by lot which bid will be accepted.

SEC. 4. There is added to chapter 39.44 RCW a New section.
 new section to read as follows:

Hereafter all bonds issued by an issuer may be in such denominations as the governing body of the issuer may in its discretion determine, except that bonds other than bond number one of any issue shall be in a denomination that is a multiple of one hundred dollars. Denominations.

SEC. 5. 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. Emergency.

Passed the Senate March 19, 1965.

Passed the House March 24, 1965.

Approved by the Governor April 2, 1965.