

be transferred to the system and the member shall not receive any credit nor enjoy any rights under chapter 41.40 RCW for those periods of service. The member shall pay any difference between the employee contributions made under chapter 41.40 RCW and transferred under this subsection and what would have been required under this chapter, including interest as set by the director. The member shall be given until July 1, 1989, to make the irrevocable election permitted under this section. The election shall be made by submitting written notification as required by the department requesting credit under this section and by remitting any necessary proof of service or payments within the time set by the department.

Any person, not employed as an educational staff associate on the effective date of this act, may, before June 30 of the fifth school year after that person's return to employment as a teacher, request and establish membership and credit under this subsection.

***NEW SECTION. Sec. 3. There is added to chapter 41.40 RCW a new section to read as follows:**

The director is authorized to waive RCW 41.40.120(3) for any retired member who qualifies for reentry under RCW 41.40.150(6)(b).

*Sec. 3. was vetoed, see message at end of chapter.

Passed the House March 6, 1984.

Passed the Senate February 20, 1984.

Approved by the Governor March 28, 1984, with the exception of section 3, which was vetoed.

Filed in Office of Secretary of State March 28, 1984.

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

I am returning herewith, without my approval as to section 3, Engrossed House Bill No. 1304, entitled:

"AN ACT Relating to teacher retirement."

The need for this section has not been demonstrated. If, indeed, any such change is necessary, it should be made after adequate study in a careful and deliberate manner to avoid adverse effects on the pension trust fund.

With the exception of section 3, Engrossed House Bill No. 1304 is approved.

CHAPTER 257

[Substitute House Bill No. 1262]

UMBRELLA INDUSTRIAL DEVELOPMENT BONDS

AN ACT Relating to industrial development; amending section 1, chapter 40, Laws of 1982 1st ex. sess. and RCW 43.160.010; amending section 2, chapter 40, Laws of 1982 1st ex. sess. as amended by section 1, chapter 60, Laws of 1983 1st ex. sess. and RCW 43.160.020; amending section 8, chapter 40, Laws of 1982 1st ex. sess. as amended by section 6, chapter 60, Laws of 1983 1st ex. sess. and RCW 43.160.080; amending 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; adding a new section to chapter 39.84 RCW; adding new sections to chapter 43.160 RCW; creating a new section; repealing section 5, chapter 60, Laws of 1983 1st ex. sess. and RCW 43.160.075; and declaring an emergency.

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

Sec. 1. Section 1, chapter 40, Laws of 1982 1st ex. sess. and RCW 43.160.010 are each amended to read as follows:

The legislature finds that it is the public policy of the state of Washington to direct financial resources toward the fostering of economic development through the stimulation of investment and job opportunities for the general welfare of the inhabitants of the state. Reducing unemployment as soon as possible is important for the economic welfare of the state. Economic development should be fostered through the construction of public facilities which contribute to the stability and growth of the state's economic base. Strengthening the economic base through issuance of industrial development bonds, whether single or umbrella, further serves to reduce unemployment. Consolidating issues of industrial development bonds when feasible to reduce costs additionally advances the state's purpose to improve economic vitality. Expenditures made for these purposes as authorized in this chapter are declared to be in the public interest, and constitute a proper use of public funds. A community economic revitalization board is needed which shall aid the development of economic opportunities. The general objectives of the board should include: (1) Strengthening the economies of areas of the state which have experienced or are expected to experience chronically high unemployment rates or below average growth in their economies; (2) encouraging the diversification of the economies of the state and regions within the state in order to provide greater seasonal and cyclical stability of income and employment; (3) encouraging wider access to financial resources for both large and small industrial development projects; (4) encouraging new economic development or expansions to maximize employment; and ((3)) (5) providing incentives for expansion of employment opportunities for groups of state residents that have been less successful relative to other groups in efforts to gain permanent employment.

Sec. 2. Section 2, chapter 40, Laws of 1982 1st ex. sess. as amended by section 1, chapter 60, Laws of 1983 1st ex. sess. and RCW 43.160.020 are each amended to read as follows:

Unless the context clearly requires otherwise, the definitions in this section apply throughout this chapter.

(1) "Board" means the community economic revitalization board.

(2) "Bond" means any bond, note, debenture, interim certificate, or other evidence of financial indebtedness issued by the board pursuant to this chapter.

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

(4) "Financial institution" means any bank, savings and loan association, credit union, development credit corporation, insurance company, investment company, trust company, savings institution, or other financial institution approved by the board and maintaining an office in the state.

(5) "Industrial development facilities" means "industrial development facilities" as defined in RCW 39.84.020.

(6) "Industrial development revenue bonds" means tax-exempt revenue bonds used to fund industrial development facilities.

(7) "Local government" means any port district, county, city, or town.

(8) "Planning and community affairs agency" means that agency or any successor agency.

~~((3) "Unfunded community development projects" means projects submitted to the planning and community affairs agency by October 1, 1982, for funding under the community development block grant program:))~~

(9) "Sponsor" means any of the following entities which customarily provide service or otherwise aid in industrial or other financing and are approved as a sponsor by the board: A bank, trust company, savings bank, investment bank, national banking association, savings and loan association, building and loan association, credit union, insurance company, or any other financial institution, governmental agency, or holding company of any entity specified in this subsection.

(10) "Umbrella bonds" means industrial development revenue bonds from which the proceeds are loaned, transferred, or otherwise made available to two or more users under this chapter.

(11) "User" means one or more persons acting as lessee, purchaser, mortgagor, or borrower under a financing document and receiving or applying to receive revenues from bonds issued under this chapter.

NEW SECTION. Sec. 3. STATUS OF BOARD. The board is an authority and an instrumentality of the state within the meaning of those terms in the regulations of the Internal Revenue Service prescribed pursuant to Section 103 of the federal Internal Revenue Code of 1954, as amended.

NEW SECTION. Sec. 4. POWERS. In addition to those powers and duties granted elsewhere in this chapter, the board may:

(1) Exercise all the powers of a public corporation under chapter 39.84 RCW.

(2) Invest any funds received in connection with industrial development revenue bond financing not required for immediate use, as the board considers appropriate, subject to any agreements with owners of bonds.

(3) Arrange for lines of credit for industrial development revenue bonds from and enter into participation agreements with any financial institution.

(4) Issue industrial development revenue bonds in one or more series for the purpose of defraying the cost of acquiring or improving any industrial development facility or facilities and securing the payment of the bonds as provided in this chapter.

(5) Enter into agreements or other transactions with and accept grants and the cooperation of any governmental agency in furtherance of this chapter.

(6) Sell, purchase, or insure loans to finance the costs of industrial development facilities.

(7) Service, contract, and pay for the servicing of loans for industrial development facilities.

(8) Provide financial analysis and technical assistance for industrial development facilities when the board reasonably considers it appropriate.

(9) Collect, with respect to industrial development revenue bonds, reasonable interest, fees, and charges for making and servicing its lease agreements, loan agreements, mortgage loans, notes, bonds, commitments, and other evidences of indebtedness. Interest, fees, and charges are limited to the amounts required to pay the costs of the board, including operating and administrative expenses and reasonable allowances for losses that may be incurred.

(10) Procure insurance or guarantees from any party as allowable under law, including a governmental agency, against any loss in connection with its lease agreements, loan agreements, mortgage loans, and other assets or property.

NEW SECTION. Sec. 5. **COMMINGLING OF FUNDS PROHIBITED.** No part of the proceeds received from the sale of any industrial development revenue bonds under this chapter, of any revenues derived from an industrial development facility acquired or held under this chapter, or of any interest realized on moneys received under this chapter, may be commingled by the board with funds of the state.

NEW SECTION. Sec. 6. **PERSONAL LIABILITY.** The members and employees of the board and the department shall not be personally liable or accountable by reason of the issuance of or on any bond issued by the board.

NEW SECTION. Sec. 7. **ACCOUNTS.** The board may create and administer funds and accounts and establish such funds and accounts with financial institutions as are necessary to implement its duties under sections 3 through 10 of this act.

NEW SECTION. Sec. 8. **FAITH AND CREDIT NOT PLEDGED.** Bonds issued under this chapter do not constitute a debt, liability, obligation, or pledge of the faith and credit of the state but are payable solely from the revenues or assets of the board. A bond issued under this chapter must disclose on its face (1) the state of Washington is not obligated to pay

the principal or the interest thereon; (2) no tax funds or governmental revenue may be used to pay the principal or interest thereon; and (3) neither the faith and credit nor the taxing power of the state or any subdivision or agency thereof is pledged to the payment of the principal or interest on the bond.

NEW SECTION. Sec. 9. UMBRELLA BOND FINANCING. In order to assure payment of the bonds, the board shall consider and may require users to provide appropriate security. Such security may include but is not limited to letters of credit, deeds of trust, guarantees, mortgage insurance or cash reserves. If federal funds are used to provide additional security for the protection of bond purchasers the board shall require a credit analysis by a financial institution of each user of an umbrella board in order to ensure the marketability of the bonds.

NEW SECTION. Sec. 10. SPECIAL RESERVE ACCOUNT. (1) The board may establish a special reserve account and pay into it any:

(a) Proceeds of the sale of bonds to the extent provided in the resolutions or indentures of the board authorizing their issuance; and

(b) Other funds which may be available to the board from any other source for the purpose of the account.

(2) All funds held in the special reserve account must be used solely for the payment of the principal of, premium, if any, and interest on the bonds secured in whole or in part by the account, the sinking fund payments with respect to the bonds, the purchase or redemption of the bonds, the payment of interest on the bonds, or the payment of any redemption premium required to be paid when the bonds are redeemed prior to maturity. Funds in the account may not be withdrawn at any time in an amount that reduces the account to an amount less than the sum of minimum reserve requirements established in the resolutions or indentures of the board for the account except, with respect to bonds secured in whole or in part by the account, for the purpose of making payment, when due, of principal, premium, if any, interest, and sinking fund payments for the payment of which other money pledged is not available. Any income or interest earned by or incremental to the special reserve account due to its investment may be transferred to other accounts of the board to an extent that does not reduce the amount of the special reserve account below the sum of minimum reserve requirements for the account.

NEW SECTION. Sec. 11. There is added to chapter 39.84 RCW a new section to read as follows:

The community economic revitalization board under chapter 43.160 RCW shall have all the powers of a public corporation under this chapter. To the extent applicable, all duties of a public corporation apply to the community economic revitalization board in exercising its powers under this chapter.

Sec. 12. Section 8, chapter 40, Laws of 1982 1st ex. sess. as amended by section 6, chapter 60, Laws of 1983 1st ex. sess. and RCW 43.160.080 are each amended to read as follows:

There shall be a fund known as the public facilities construction loan revolving fund, which shall consist of all moneys collected under this chapter, except moneys of the board collected in connection with the issuance of industrial development revenue bonds under sections 4 through 10 of this 1984 act, and any moneys appropriated to it by law: PROVIDED, That seventy-five percent of all principal and interest payments on loans made with the proceeds deposited in the fund under section 901, chapter 57, Laws of 1983 1st ex. sess. shall be deposited in the general fund as reimbursement for debt service payments on the bonds authorized in RCW 43.83.184. The state treasurer shall be custodian of the revolving fund. Disbursements from the revolving fund shall be on authorization of the board. In order to maintain an effective expenditure and revenue control, the public facilities construction loan revolving fund shall be subject in all respects to chapter 43.88 RCW, but no appropriation is required to permit expenditures and payment of obligations from the fund.

Moneys in this fund not needed to meet the current expenses and obligations of the board shall be invested in the manner authorized for moneys in revolving funds. Any interest earned shall be deposited in this fund and shall be used for the purposes specified in this chapter. The state treasurer shall render reports to the board advising of the status of any funds invested, the market value of the assets as of the date the statement is rendered, and the income received from the investments during the period covered by the report.

**Sec. 13. 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 may also be authorized for purposes designated in this chapter, but only when (~~grants are uniquely required~~) a loan upon any terms cannot be used.

Application for funds shall be made in the form and manner as the board may prescribe. 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. The board shall only fund (1) those projects whose specific private development and expansions are primarily involved in manufacturing, processing, production, assembly, warehousing and distribution; and (2) those

projects which substantially support the trading of goods and services outside of the state's borders. The board is instructed to fund those projects which will lead to the greatest employment once the initial project is completed. 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 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.

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

The staff of the department of commerce and economic development, or its successor agency, shall aggressively market both the umbrella bond program and the public facilities construction loan revolving fund to potential users.

*Sec. 13. was vetoed, see message at end of chapter.

NEW SECTION. Sec. 14. As used in this act, captions constitute no part of the law.

NEW SECTION. Sec. 15. Section 5, chapter 60, Laws of 1983 1st ex. sess. and RCW 43.160.075 are each repealed.

NEW SECTION. Sec. 16. Sections 3 through 10 of this act are each added to chapter 43.160 RCW.

*NEW SECTION. Sec. 17. All funds remaining or hereafter deposited in or repaid to any accounts created under RCW 43.31A.320 shall be automatically transferred to the public works revolving fund established in chapter ... (SSB 4404), Laws of 1984.

*Sec. 17. was vetoed, see message at end of chapter.

NEW SECTION. Sec. 18. 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.

Passed the House March 3, 1984.

Passed the Senate March 2, 1984.

Approved by the Governor March 28, 1984, with the exception of sections 13 and 17, which were vetoed.

Filed in Office of Secretary of State March 28, 1984.

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

I am returning herewith, without my approval as to sections 13 and 17, Substitute House Bill No. 1262, entitled:

"AN ACT Relating to industrial development."

Substitute House Bill No. 1262 authorizes the use of umbrella industrial development revenue bonds by the Community Economic Revitalization Board (CERB).

The use of umbrella industrial development bonds in the state of Washington is acceptable and will be beneficial to the economic development of the state. However, section 13 relates to the operation of the Community Economic Revitalization Board's local government grant/loan program, and would place further restrictions on the use of CERB's loan and grant funds.

Section 17 would direct funds away from CERB's facilities construction loan revolving fund to the public works revolving fund established by Engrossed Substitute Senate Bill No. 4404. This would be contrary to legislative intent regarding the use of EAA's Public Facilities Revolving Account Funds.

For these reasons, I have vetoed sections 13 and 17 of Substitute House Bill No. 1262.

The remaining sections of the bill are approved.

CHAPTER 258

[Engrossed Substitute Senate Bill No. 4430]
COURT IMPROVEMENT ACT OF 1984

AN ACT Relating to courts; amending section 1, chapter 299, Laws of 1961 as last amended by section 1, chapter 151, Laws of 1979 and RCW 3.30.010; amending section 3, chapter 299, Laws of 1961 as amended by section 1, chapter 73, Laws of 1971 and RCW 3.30.030; amending section 4, chapter 299, Laws of 1961 and RCW 3.30.040; amending section 5, chapter 299, Laws of 1961 as amended by section 2, chapter 73, Laws of 1971 and RCW 3.30.050; amending section 8, chapter 299, Laws of 1961 and RCW 3.30.080; amending section 11, chapter 299, Laws of 1961 as last amended by section 1, chapter 29, Laws of 1982 and RCW 3.34.020; amending section 12, chapter 299, Laws of 1961 as amended by section 2, chapter 66, Laws of 1969 ex. sess. and RCW 3.34.030; amending section 13, chapter 299, Laws of 1961 as last amended by section 1, chapter 195, Laws of 1983 and RCW 3.34.040; amending section 14, chapter 299, Laws of 1961 as amended by section 8, chapter 120, Laws of 1975-'76 2nd ex. sess. and RCW 3.34.050; amending section 15, chapter 299, Laws of 1961 and RCW 3.34.060; amending section 16, chapter 299, Laws of 1961 and RCW 3.34.070; amending section 17, chapter 299, Laws of 1961 and RCW 3.34.080; amending section 18, chapter 299, Laws of 1961 as amended by section 5, chapter 73, Laws of 1971 and RCW 3.34.090; amending section 19, chapter 299, Laws of 1961 and RCW 3.34.100; amending section 20, chapter 299, Laws of 1961 and RCW 3.34.110; amending section 21, chapter 299, Laws of 1961 and RCW 3.34.120; amending section 22, chapter 299, Laws of 1961 as last amended by section 2, chapter 195, Laws of 1983 and RCW 3.34.130; amending section 23, chapter 299, Laws of 1961 as amended by section 5, chapter 186, Laws of 1981 and RCW 3.34.140; amending section 24, chapter 299, Laws of 1961 and RCW 3.34.150; amending section 25, chapter 299, Laws of 1961 and RCW 3.38.010; amending section 26, chapter 299, Laws of 1961 as amended by section 1, chapter 110, Laws of 1965 ex. sess. and RCW 3.38.020; amending section 1, chapter 213, Laws of 1963 and RCW 3.38.022; amending section 27, chapter 299, Laws of 1961 as amended by section 2, chapter 110, Laws of 1965 ex. sess. and RCW 3.38.030; amending section 3, chapter 110, Laws of 1965 ex. sess. and RCW 3.38.031; amending section 28, chapter 299, Laws of 1961 as amended by section 3, chapter 66, Laws of 1969 ex. sess. and RCW 3.38.040; amending section 29, chapter 299, Laws of 1961 and RCW 3.38.050; amending section 30, chapter 299, Laws of 1961 and RCW 3.38.060; amending section 31, chapter 299, Laws of 1961 as amended by section 7, chapter 162, Laws of 1980 and RCW 3.42.010; amending section 32, chapter 299, Laws of 1961 as amended by section 16, chapter 136, Laws of 1979 ex. sess. and RCW 3.42.020; amending section 33, chapter 299, Laws of 1961 and RCW 3.42.030; amending section 34, chapter 299, Laws of 1961 as amended by section 4, chapter 66, Laws of 1969 ex. sess. and RCW 3.42.040; amending section 98, chapter 299, Laws of 1961 as amended by section 6, chapter 73, Laws of 1971 and RCW 3.54.010; amending section 101, chapter 299, Laws of 1961 as last amended by section 2,