

titled "An Act to authorize the more complete endowment of agricultural experiment stations and for other purposes," is hereby given.

Passed the Senate December 10, 1925.

Passed the House January 6, 1926.

Approved by the Governor January 16, 1926.

CHAPTER 183.

[S. B. 206.]

LOCAL IMPROVEMENTS.

AN ACT relating to local improvements and bonds issued therefor, amending sections 1, 2, 3, 4 and 5 of Chapter 141 of the 1923 Session Laws of Washington, and repealing section 6 thereof.

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

SECTION 1. That section 1 of Chapter 141 of the Laws of 1923 be amended to read as follows:

Amends § 9351-1, Rem. 1923 Sup.

Section 1. There is hereby established for each city and town in the State a fund for the purpose of guaranteeing, to the extent of such fund and in the manner hereinafter provided, the payment of its local improvement bonds and warrants issued to pay for any local improvement ordered subsequent to the effective date of this act: *Provided*, That this act shall not apply to any city of the first class having a population of more than 300,000 nor to any city of the first class maintaining a local improvement guaranty fund pursuant to the provisions of Chapter 138 of the 1917 Session Laws of Washington, but any such city of the first class may by ordinance elect to operate under the provisions of this act, and may transfer to the guaranty fund created hereunder all of the assets of the former fund, and upon such election and transfer all bonds

Fund established to guarantee local improvement bonds and warrants.

Not applicable to certain cities.

Excepted cities may operate under act.

guaranteed under such former fund shall be held and deemed to be guaranteed under the provisions of this act and *vice versa*.

Amends
§ 9351-2,
Rem. 1923
Sup.

Local im-
provement
guaranty
fund.

Tax credit of
city pledged

Is not within
indebtedness
limitation.

Reserve to
purchase
defaulted
bonds and
warrants.

Amends
§ 9351-3,
Rem. 1923
Sup.

Tax levy
for payment.

SEC. 2. That section 2 of Chapter 141 of the Laws of 1923 be amended to read as follows:

Section 2. Such fund shall be designated "Local Improvement Guaranty Fund." For the purpose of maintaining such fund every city or town issuing local improvement bonds or warrants after April 7, 1926, shall be deemed and held to have pledged to the fund a tax credit of the city or town in an amount equal to five per cent of the bonds or warrants so issued. The credit so pledged shall not constitute an indebtedness of the city or town within the meaning of any statutory or charter provisions or limitation respecting indebtedness. Such pledge shall be deemed to have been made, as to any particular local improvement district, upon the delivery of the roll to the treasurer of the city or town for collection. Such pledged tax credits, with the other resources of the fund enumerated in section 3 hereof, shall constitute a reserve wherewith to purchase defaulted bonds and warrants guaranteed by the fund. As among the several issues of bonds or warrants guaranteed by the fund no preference shall exist, but defaulted interest coupons, bonds and warrants shall be purchased out of the fund in the order of their presentation.

SEC. 3. That section 3 of Chapter 141 of the Laws of 1923 be amended to read as follows:

Section 3. After the creation of such guaranty fund, the city or town shall levy, from time to time, as other taxes are levied, such sums as may be needed to meet the financial requirements of the fund, but not in excess of the total of the tax credits pledged by this act to the guaranty fund. Whenever there shall be paid out of a guaranty fund any

sum on account of principal or interest of a local improvement bond or warrant, the city or town, as trustee for the fund, shall be subrogated to all the rights of the holder of the bond or interest coupon or warrant so paid, and the proceeds thereof, or of the assessment underlying the same, shall become part of the guaranty fund. There shall also be paid into each guaranty fund the interest received from bank deposits of the fund, as well as any surplus remaining in any local improvement fund guaranteed hereunder after the payment of all outstanding bonds or warrants payable primarily out of such local improvement fund. Warrants drawing interest at a rate not to exceed six per cent shall be issued, as other warrants are issued by the city or town, against a guaranty fund to meet any liability accruing against it; and at the time of making its annual budget and tax levy the city or town shall provide for the levying of a sum sufficient, with the other resources of the fund, to pay warrants so issued during the preceding fiscal year: *Provided* That no warrants shall be issued against the guaranty fund in excess of the cash therein and the tax credits pledged thereto as provided in section 2 of this act: *Provided further*, That no taxes shall be levied for the fund in excess of the tax credits so pledged by section 2 hereof, and that the tax levies herein directed shall be additional to and if need be in excess of any and all statutory and charter limitations applicable to the tax levies of any city or town affected by this act.

Right of
subrogation.

Limit of
tax levy.

Every city or town operating under the provisions of this act shall prescribe by ordinance appropriate rules and regulations for the maintenance and operation of the guaranty fund not inconsistent herewith. So much of the money of a guaranty fund as is necessary may be used to purchase certificates of delinquency for general taxes on property sub-

Rules and
regulations.

Purchase of
delinquency
certificates.

City may purchase at general tax foreclosure.

City may lease or sell property.

Proceeds payable into the guaranty fund.

Amends § 9351-4 Rem. 1923 Sup.

When payment by local assessments for improvements prohibited.

Vetoed

ject to local improvement assessments underlying bonds or warrants guaranteed by the fund, or to purchase such property at county tax foreclosures or from the county after foreclosure, for the purpose of protecting the guaranty fund. Said fund shall be subrogated to the rights of the city or town, and the city or town may foreclose the lien of general tax certificates of delinquency and purchase the property at the foreclosure sale. After so acquiring title to real property, a city or town may lease or sell and convey the same at public or private sale for such price and on such terms as may be determined by resolution of the city or town council or other legislative body, any provisions of law, charter or ordinance to the contrary notwithstanding, and all proceeds resulting from such sales shall belong to and be paid into the guaranty fund.

SEC. 4. That section 4 of Chapter 141 of the Laws of 1923 be amended to read as follows:

Section 4. No city or town operating under the provisions of this act shall order any improvement to be paid for, in whole or in part, by local assessment where the estimated cost of such improvement, if such cost is all to be assessed to the property in the district, or that portion of the estimated cost to be assessed, if a portion only of said total cost is to be assessed, when added to all other outstanding and unpaid local improvement assessments against the property included in the district, excluding penalties and interest, shall exceed the actual value of the real property, exclusive of improvements thereon, within the district according to the valuation last placed upon it for the purposes of general taxation: *Provided*, That when a local improvement is petitioned for by the owners of seventy-five per cent of the lineal frontage upon the improvement and seventy-five per cent of the area of the property within the district, and the petition requests that

such limitation be exceeded, the city or town council or other legislative body may proceed with the improvement in the usual manner if the property owners so petitioning, or any of them, or any person in their behalf, shall deposit with said city or town a sum in cash equal to the amount that the estimated cost of the improvement shall exceed the limitation hereinbefore in this section provided. The sum so deposited shall be applied and credited on the assessment roll for the district by the treasurer upon his receipt of the roll for collection: *Provided, further,* That the council or other legislative body of any such city or town may, by unanimous vote, order the construction of sanitary sewers and necessary accessories for the disposal of sewage, in the manner now provided by law, where in its judgment the same are necessary for public health, and may assess a part or the whole of the cost thereof to the property benefited, without regard to the foregoing limitation: *Provided, further,* That no assessments for diking, draining, sanitary filling or for storm or sanitary sewers levied before January 1st, 1927, shall be included in any computation of outstanding assessments under the provisions of this section.

Vetoed

Before ordering any improvement hereunder the council or other legislative body of a city or town shall require and receive a report from the proper board, officer or authority designated by charter or ordinance, certifying in detail the local improvement assessments outstanding and unpaid against the property in the proposed district together with the aggregate of the actual value of the real property in the district, exclusive of improvements thereon, according to the valuation last placed upon it for the purpose of general taxation. In the absence of fraud or gross mistake, such certificate shall be final and conclusive. In computing the valuation of property in the district any non-assessable railroad

Vetoed. { operating property or property owned by the United States or the state or a county, city, town, school district or other public corporation, shall be valued at the same rate as assessed property similarly situated.

Amends § 9351-5, Rem. 1923 Sup.

Bond-holders, no claim against city.

SEC. 5. That section 5 of Chapter 141 of the Laws of 1923 be amended to read as follows:

Section 5. Neither the holder nor the owner of any bond issued under the provisions of this act shall have any claim therefor against the city or town by which the same is issued, except for payment from the special assessments made for the improvement for which said bond was issued, and except as against the local improvement guaranty fund of such city or town, and the city or town shall not be liable to any holder or owner of such bond or warrant for any loss to the guaranty fund occurring in the lawful operation thereof by the city or town. The remedy of the holder or owner of a bond, in case of non-payment, shall be confined to the enforcement of the assessment and to the guaranty fund. A copy of the foregoing part of this section shall be plainly written, printed or engraved on each bond issued and guaranteed hereunder, and the writing, printing or engraving shall be deemed sufficient compliance with the requirements of section 9405 of Remington's Compiled Statutes.

Non-payment. Remedy of bondholder.

Engraved on bonds.

Repeals § 9351-6, Rem. 1923 Sup.

SEC. 6. Section 6 of Chapter 141 of the Laws of 1923 is repealed.

Passed the Senate January 7, 1926.

Passed the House January 6, 1926.

Approved by the Governor, with the exception of section 4, which is vetoed, January 18, 1926.