

CHAPTER 81.

[S. S. B. 39.]

SPECIAL FUND BONDS.

AN ACT relating to and providing for the issuance by any incorporated city or town in the State of Washington of special fund bonds for the purpose of funding or refunding outstanding warrants or bonds issued for the purpose of purchasing, acquiring or constructing certain public utilities or for making additions and betterments thereto or extensions thereof; and declaring that this act shall take effect immediately.

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

SECTION 1. The legislative authority of any incorporated city or town in the State of Washington which now has, or may hereafter have, any outstanding warrants or bonds issued for the purpose of purchasing, acquiring or constructing any public utility mentioned in section 9488 of Remington's Revised Statutes of Washington, or for making any additions or betterments thereto or extensions thereof, whether such outstanding warrants or bonds be general obligation warrants or bonds of such city or town or be warrants or bonds payable solely from a special fund created by ordinance of such city or town, into which special fund said city or town is bound and obligated to set aside and pay any proportion or part of the revenues of the public utility, for the purchase, acquisition or construction of which utility or the making of any additions and betterments thereto or extensions thereof said outstanding warrants or bonds were issued, may, without submitting the matter to the qualified voters of said city or town at an election for their ratification or rejection, provide for the issuance of funding or refunding bonds with which to take up, cancel, retire and refund such outstanding warrants or bonds, or any part thereof, at the maturity thereof or be-

Purpose
of issue.

Special
fund.

fore the maturity thereof, if the same be subject to call for prior redemption, all in the manner hereinafter provided.

Payable
from spe-
cial fund.

SEC. 2. The funding or refunding bonds to be issued under the provisions of this act shall not be a general indebtedness of the city or town issuing the same, but shall be payable, both principal and interest, solely from a special fund created therefor by ordinance as hereinafter provided. Each such funding or refunding bond shall state upon its face that it is payable from a special fund, naming the said fund and the ordinance creating it.

Single issue
of funding
or refunding.

SEC. 3. At the option of the legislative authority of any such city or town, various series and issues of outstanding warrants or bonds, or parts of various series and issues of outstanding warrants or bonds, issued for the purpose of purchasing, acquiring or constructing any public utility mentioned in section 9488 of Remington's Revised Statutes of Washington, or for making any additions or betterments thereto or extensions thereof, may be funded or refunded hereunder by a single issue of funding or refunding bonds. No proportion or part of the revenues of any one such public utility shall be pledged for the payment of funding or refunding bonds issued hereunder to fund or refund outstanding warrants or bonds issued for the purpose of purchasing, acquiring or constructing, or for making any additions or betterments to or extensions of, any other such public utility.

Creation of
special
fund.

SEC. 4. Whenever the legislative authority of any such city or town shall determine to issue funding or refunding bonds under the provisions of this act, such legislative authority shall provide therefor by ordinance, which ordinance shall create a special fund for the sole purpose of paying such funding or refunding bonds and the interest thereon, into which special fund such ordinance shall bind and obligate

such city or town to set aside and pay a fixed amount without regard to any fixed proportion out of the gross revenues of such public utility from time to time as provided in said ordinance. In creating any such special fund, the legislative authority of such city or town shall have due regard to the cost of operation and maintenance of such utility as constructed or added to, and to any proportion or part of the revenues of such utility previously pledged as a fund for the payment of bonds, warrants or other indebtedness, and shall not bind and obligate such city or town to set aside into such special fund a greater amount of the revenues and proceeds of such utility than in their judgment will be available over and above such cost of maintenance and operation and the amount or proportion, if any, of the revenues thereof so previously pledged. Any funding or refunding bond, together with the interest thereon, issued hereunder against any such special fund shall be a valid claim of the holder thereof only as against the said special fund, and the amount of the revenues of such utility pledged to such fund, and shall not constitute an indebtedness of such city or town within the meaning of constitutional or statutory provisions and limitations. Said funding or refunding bonds shall be sold in such manner as the corporate authorities shall deem for the best interests of such city or town. The coupon rate of interest on funding or refunding bonds to be issued hereunder shall not exceed the coupon rate of interest on warrants or bonds to be funded or refunded thereby. Interest on said funding or refunding bonds shall be paid semi-annually. Said funding or refunding bonds shall be executed in such manner and payable at such time or times and place or places as the legislative authority of such city or town shall by ordinance determine. Nothing in this act shall be so construed as to prevent any such city or town from

Cost of
operation.

Valid claim.

Interest.

funding or refunding any of its indebtedness in any other manner now provided by law.

SEC. 5. When any funding or refunding bonds shall have been issued under the provisions of this act, and the city or town which issued the same shall fail to set aside and pay into the special fund from which such funding or refunding bonds are payable the amount without regard to any fixed proportion out of the gross revenues of the public utility which such city or town has, by ordinance, bound and obligated itself to set aside and pay in such special fund, the holder of any such funding or refunding bond or bonds may bring suit or action against such city or town and compel such setting aside and payment.

Action may
compel
payment.

SEC. 6. This act is necessary for the immediate preservation of the public peace, health and safety, support of the state government and its existing public institutions and shall take effect immediately.

Effective
immediately.

Passed the Senate March 5, 1935.

Passed the House March 13, 1935.

Approved by the Governor March 18, 1935.