

NEW SECTION. Sec. 3. If any provision of this 1974 act, or its application to any person or circumstance is held invalid, the remainder of the act, or the application of the provision to other persons or circumstances, is not affected.

NEW SECTION. Sec. 4. This 1974 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 Senate February 11, 1974.
Passed the House February 7, 1974.
Approved by the Governor February 16, 1974.
Filed in Office of Secretary of State February 16, 1974.

CHAPTER 111

[Engrossed Senate Bill No. 3354]
PUBLIC INDEBTEDNESS--REFUNDING BONDS

AN ACT Relating to financing by the state, its agencies, institutions, political subdivisions, and municipal and quasi-municipal corporations; amending section 8, chapter 184, Laws of 1971 ex. sess. and RCW 39.42.080; amending section 3, chapter 138, Laws of 1965 ex. sess. and RCW 39.53.020; amending section 6, chapter 138, Laws of 1965 ex. sess. and RCW 39.53.050; amending section 7, chapter 25, Laws of 1973 1st ex. sess. and RCW 39.53.140; and declaring an emergency.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

Section 1. Section 8, chapter 184, Laws of 1971 ex. sess. and RCW 39.42.080 are each amended to read as follows:

The foregoing limitation on the aggregate amount of indebtedness of the state shall not prevent:

(1) The issuance of obligations to refund or replace any such indebtedness existing at any time in an amount not exceeding ((such existing indebtedness)) 1.05 times the amount which, taking into account earnings from the investment of the proceeds of the issue, is required to pay the principal thereof, interest thereon, and any premium payable with respect thereto, ((including the refunding of any indebtedness incurred or authorized prior to the effective date of this act by the Washington state building authority)) and the costs incurred in accomplishing such refunding, as provided in chapter 39.53 RCW, as now or hereafter amended: PROVIDED, That any proceeds of the refunding, bonds in excess of those acquired to accomplish such refunding or any obligations acquired with such excess proceeds, shall be applied exclusively for the payment of

principal, interest, or call premiums with respect to such refunding obligations:

(2) The issuance of obligations in anticipation of revenues to be received by the state during a period of twelve calendar months next following their issuance;

(3) The issuance of obligations payable solely from revenues of particular public improvements;

(4) A pledge of the full faith, credit, and taxing power of the state to guarantee the payment of any obligation payable from any of revenues received from any of the following sources:

(a) the fees collected by the state as license fees for motor vehicles;

(b) excise taxes collected by the state on the sale, distribution, or use of motor vehicle fuel; and

(c) interest on the permanent common school fund:

PROVIDED, That the legislature shall, at all times, provide sufficient revenues from such sources to pay the principal and interest due on all obligations for which said source of revenue is pledged.

Sec. 2. Section 3, chapter 138, Laws of 1965 ex. sess. and RCW 39.53.020 are each amended to read as follows:

The governing body of any public body may by ordinance provide for the issuance of bonds without an election to refund outstanding bonds heretofore or hereafter issued by such public body or its predecessor ((and to pay redemption premiums and costs of refunding)), only (1) in order to pay or discharge all or any part of such outstanding series or issue of bonds, including any interest thereon, in arrears or about to become due and for which sufficient funds are not available, or (2) in order to effect a saving to the public body; PROVIDED, That refunding bonds shall not be issued unless the state finance committee or the public body authorized to issue refunding bonds pursuant to chapter 39.53 RCW finds that such saving will be effected by the refunding. To determine whether or not a saving will be effected, consideration shall be given to the interest to fixed maturities of the refunding bonds and the bonds to be refunded, the costs of issuance of the refunding bonds, including any sale discount, the redemption premiums, if any, to be paid, and the known earned income from the investment of the refunding bond proceeds pending redemption of the bonds to be refunded. ((Such refunding plan shall be subject to provisions concerning payment and to all other contractual provisions in the proceedings authorizing the issuance of the bonds to be refunded or otherwise appertaining thereto:))

Sec. 3. Section 6, chapter 138, Laws of 1965 ex. sess. and RCW 39.53.050 are each amended to read as follows:

Refunding bonds may be issued in a principal amount in excess of the principal amount of the bonds to be refunded in an amount deemed reasonably required to effect such refunding except voted general obligation bonds. The principal amount of the refunding bonds may be less than or the same as the principal amount of the bonds being refunded so long as provision is duly and sufficiently made for the retirement or redemption of such bonds to be refunded. Any reserves held to secure the bonds to be refunded may be applied at the time the bonds to be refunded are paid to the redemption or retirement of such bonds, or if other available funds are sufficient and used to retire and redeem such bonds, such reserves may be pledged as security for the payment of the refunding bonds.

Sec. 4. Section 7, chapter 25, Laws of 1973 1st ex. sess. and RCW 39.53.140 are each amended to read as follows:

The state may issue general obligation bonds to refund any special revenue or limited obligations of the state or its agencies at or prior to the date they mature or are subject to redemption. The payment of such refunding general obligation bonds may be additionally secured by a pledge of the revenues pledged to the payment of the special revenue or limited obligations to be refunded.

If the payment of such special revenue obligations to be refunded as general obligation bonds of the state is secured by (1) fees collected by the state as license fees for motor vehicles, or (2) excise taxes collected by the state on the sale, distribution or use of motor vehicle fuel, or (3) interest on the permanent school fund, then the state shall also pledge to the payment of such refunding bonds the same fees, excise taxes, or interest that were pledged to the payment of the special revenue obligations being refunded.

NEW SECTION. Sec. 5. This 1974 amendatory 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.

NEW SECTION. Sec. 6. If any provision of this 1974 amendatory act, or its application to any person or circumstance is held invalid, the remainder of the act, or the application of the provision to other persons or circumstances is not affected.

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