

XXVII of Remington's Compiled Statutes, relating to the creation and establishment of such diking and drainage districts, and all acts, steps or proceedings had or attempted to be had by any such district, are hereby for all purposes declared legal and valid, and such districts situated in two or more counties are hereby declared duly organized, established and created, and all contracts, obligations or debts heretofore made or incurred by or in favor of such diking and drainage district situated in two or more counties so attempted to be organized, established and created, and all official bonds or other obligations executed in connection with or in pursuance of such organization, are hereby declared legal and valid, and of full force and effect.

Passed the Senate February 14, 1923.

Passed the House March 6, 1923.

Approved by the Governor March 16, 1923.

CHAPTER 141.

[S. B. 227.]

LOCAL IMPROVEMENTS.

AN ACT relating to local improvements and providing for the maintenance in cities and towns of local improvement guaranty funds.

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

SECTION 1. Every city and town may immediately create a fund for the purpose of guaranteeing to the extent of such fund and in the manner hereinafter provided, the payments of its local improvement bonds issued subsequent to the effective date of this act: *Provided*, that this act shall not apply 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 Wash-

Bond
payments
guaranteed.

See Rem.
Comp. Stat.
§ 8986 to 8991;
Pierce's Code
§ 1066 to 1071.

ington, 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 guaranteed under such former fund shall be held and deemed to be guaranteed under the provisions of this act.

SEC. 2. Such fund shall be designated "Local Improvement Guaranty Fund," and shall at no time exceed a sum equal to five per cent of the outstanding bond obligations thereby guaranteed.

Guaranty
fund.

SEC. 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. Wherever there shall have been paid out of a guaranty fund any sum on account of principal or interest of a local improvement bond 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 so paid, and the proceeds thereof shall become part of the fund. There shall also be paid into each guaranty fund the interest received from bank deposits of the fund, and from all moneys collected from local assessments the bonds against which are guaranteed [guaranteed] by the fund. Warrants drawing interest at a rate not to exceed six per cent shall be issued against a guaranty fund to meet any liability accruing against it, but at the time of making its annual budget and tax levy the city or town shall provide for the levying of sum sufficient, with the other resources of the fund, to pay warrants so issued during the preceding fiscal year. *Provided, however,* that such warrants shall at no time exceed five per cent of the outstanding bond obligations guaranteed by said fund.

Tax levy for
payment.

Improvements,
when pro-
hibited.

SEC. 4. No city or town operating under the provisions of this act shall order any improvement to be paid for by local assessment where the estimated cost of such improvement, when added to all other outstanding and unpaid local improvement assessments against the property included in the district, excluding penalties and interest, shall exceed in amount seventy-five per cent of the actual value of the real property, exclusive of improvements thereon, within the district according to the last assessment for purposes of general taxation: *Provided, however,* that the council of the city or town may, by a unanimous vote of the council, order the construction of sanitary sewers where, in the judgment of the council, the same are necessary for public health, and assess a part or the whole of the cost thereof to the property benefited without regard to the foregoing limitation.

Bond-holders,
no claim
against city.

SEC. 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. A copy of this section shall be plainly written, printed or engrossed on each bond issued and guaranteed [guaranteed] hereunder.

Fund, how
abolished.

SEC. 6. Whenever a city or town shall have established a local improvement guaranty fund under this act the ordinance establishing such fund may be repealed only by an ordinance which shall be submitted to the voters of such city or town at a general election and ratified by a majority of the electors voting thereon.

Passed the Senate March 8, 1923.

Passed the House March 6, 1923.

Approved by the Governor March 16, 1923.