

CHAPTER 209.

[H. B. 294.]

LOCAL IMPROVEMENTS: GUARANTY FUND.

AN ACT relating to local improvements and bonds issued therefor and 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:*

§ 1, ch. 141,  
L. 1923.

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

Establishment of local improvement guaranty fund.

To what cities applicable.

Cities excepted.

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; (a) In any city of the first class having a population of more than three hundred thousand, subsequent to the effective date of this act; (b) In any city or town having created and maintained a guaranty fund under chapter 141 of the 1923 Session Laws of Washington, subsequent to the date of establishment of such fund; (c) In any other city or town, subsequent to April 7, 1926. *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 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 guaranteed under such former funds shall be held

and deemed to be guaranteed under the provisions of this act and *vice versa*.

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

§ 2, ch. 141, L. 1923.

Section 2. Such fund shall be designated "Local Improvement Guaranty Fund." For the purpose of maintaining the same every city or town shall after the creation thereof levy, from time to time, as other taxes are levied, such sums as may be necessary to meet the financial requirements thereof; *Provided*, that such sums so levied in any year shall not be more than sufficient to pay the outstanding warrants on said fund and to establish therein a balance which combined levy in any one year shall not exceed five per centum of the outstanding obligations thereby guaranteed. The tax levies herein authorized and 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.

Local improvement guaranty fund.

Tax levy to maintain fund.

Limit of levy.

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

§ 3, ch. 141, L. 1923.

Section 3. 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. War-

City as trustee of fund—right of subrogation.

What payments into guaranty fund.

Warrants  
against  
fund.

Levy to pay  
warrants.

Limit of  
warrants.

Bond and  
warrant re-  
demption—  
preferences.

Rules for  
fund main-  
tenance.

Fund used to  
purchase de-  
linquency  
certificates.

Fund subro-  
gated to  
rights of  
city.

Disposal by  
city of prop-  
erty acquired  
at tax sale.

rants 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 such warrants shall at no time exceed five per cent of the outstanding bond obligations guaranteed by said 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.

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 subject 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.

Proceeds to guaranty fund.

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

§ 4, ch. 141, L. 1923.

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

When improvements prohibited.

If limitation exceeded paid by property owners improvement permitted.

When sanitary sewers, etc., excepted.

Assessment for diking, etc.

Report of outstanding assessments, value, etc., condition precedent to ordering improvement.

of sanitary sewers and necessary accessories for the disposal of sewage, or for the construction of any sanitary fill, or for the filling of any street to the established grade over any tide flats or tide lands, 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 assessment for diking, draining, sanitary fill or for filling any street to the established grade over any tide flats or tide lands or for storm or sanitary sewers or water mains shall be included in any computation of outstanding assessments under the provisions of this section.

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 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.

§ 5, ch. 141, L. 1923.

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

Section 5. Neither the holder nor the owner of any bond or warrant 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 or warrant 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, or warrant 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.

Bond-holders have no claim against city.

Must look solely to guaranty fund.

SEC. 6. That section 6 of chapter 141 of the 1923 Session Laws of Washington is repealed.

§ 6. ch. 141,  
L. 1923.

Passed the House February 25, 1927.

Passed the Senate March 3, 1927.

Approved by the Governor March 9, 1927.