

## CHAPTER 244.

[ H. B. 62. ]

DELINQUENT BONDS AND WARRANTS—LOCAL  
IMPROVEMENT DISTRICTS.

AN ACT relating to local improvements in cities, and the unpaid and delinquent bonds and warrants issued in connection therewith; authorizing the creation of a special revolving fund for the use of moneys in said fund for the purchase of certain bonds and warrants.

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

SECTION 1. *Whereas*, there are many millions of dollars of delinquent and unpaid local improvement district and condemnation award bonds and warrants issued by various cities of the state and not protected by the Local Improvement Guaranty Fund, only a small part of which for the present at least can be paid and many of which will never be paid because of inability of property owners to pay the special assessments levied to provide funds for payment thereof and the depreciated value of the real estate which is the only security provided by present law from which payment of the assessments may be enforced; and, *Whereas*, the cities are not legally liable under existing law for payment of such bonds and warrants except as there are moneys available in the special fund from which the same are payable; and, *Whereas*, such cities and its citizens as a whole have derived benefit from the improvements installed with the proceeds or as a result of the issuance of such bonds and warrants; and, *Whereas*, the non-payment of such unpaid and delinquent bonds and warrants not only causes great hardship and suffering on those who have invested money in such bonds and warrants, but also reflects discredit on the financial structure of the various cities involved, to the detriment of the cities as a whole and also the entire state; *Now, therefore*, this

Declaration  
of policy.

law is enacted to enable cities to provide some relief from the hardship imposed by such conditions.

Special fund authorized.

SEC. 2. Whenever any city as authorized by law shall have heretofore issued bonds or warrants payable from a local improvement district or condemnation award fund, to which said bonds or warrants the Local Improvement Guaranty Fund law is not applicable, and the assessment, or last installment thereof, if payable in installments, against which the bonds or warrants have been issued has been delinquent not more than fifteen (15) years, such city may create a special revolving fund and may provide moneys for said fund by general tax levy, if said levy, together with other levies made or authorized by such city, will not exceed the levy which such city is legally allowed; or such city may place in said fund, or advance or loan to said fund, any money which it is not prohibited by law from advancing, loaning or placing in said fund.

Limitation.

General levy.

Not exceed legal limit.

Loans to fund.

Purchase unpaid delinquent L. I. D. warrants and bonds.

SEC. 3. Any moneys in said revolving fund may be used by such city for the purchase of unpaid delinquent local improvement warrants, or bonds and interest coupons thereon, issued by such city, payable from a local improvement district fund or condemnation award fund, to which the Local Improvement Guaranty Fund law is not applicable, if the assessment, or last installment thereof, if payable in installments, against which the bonds or warrants have been issued, has been delinquent not more than fifteen (15) years. The maximum purchase price to be paid for said bonds or warrants shall be fixed by such city, and may from time to time be changed but shall never exceed fifty per cent (50%) of the face value of the bonds, interest coupon, or warrants: *Provided*, No warrants shall be issued payable from the revolving fund created pursuant to this act unless there is sufficient cash in said fund available for payment of such warrant.

Maximum price.

Limitation.

SEC. 4. The purchase of any such bonds or warrants shall not relieve the local improvement or condemnation award fund from which the same are payable from liability for payment of the same, but such city shall upon purchase thereof become subrogated to all the rights of the former owners thereof and may proceed to enforcement of said bonds or warrants as any owner thereof might do, and may sell any property acquired by it in such proceedings upon such terms and for such prices as it sees fit, or such city may resell any such bonds or warrants for such prices as it shall fix: *Provided*, That any excess in any local improvement district fund or condemnation award fund which will average a payment of one dollar to each payer into said fund shall, after payment, retirement or cancellation of all bonds or warrants payable from said fund, be refunded and paid to the payers into the fund in the proportion that their respective assessments bear to the entire original assessment levied for such improvement, and any unpaid assessments, or portion thereof, shall be reduced in the same proportion. Any proceeds derived from the sale of any bonds or warrants, or from the sale of real estate, shall be placed in said revolving fund and used as authorized herein.

District liability continues.

City may enforce rights as owner.

Refunds of excess.

SEC. 5. Whenever there are funds in any local improvement district fund or condemnation award fund sufficient to pay or retire any bond or warrant issued and payable from said fund, and such city shall have purchased and is the owner and holder of the bond or warrant next payable from said fund, the treasurer of such city shall from the moneys in the local improvement or condemnation award fund place in the said revolving fund a sum of money equivalent to the amount paid by the city for such bond or warrant and shall thereupon cancel, mark paid and remove from said revolving fund such bond or warrant.

District funds to retire obligations.

Refund revolving fund.

Fund may  
repurchase  
from other  
funds.

SEC. 6. Whenever such a city has heretofore by ordinance created a fund for use in purchasing delinquent local improvement or condemnation award bonds or warrants not protected by the Local Improvement Guaranty Fund law, and has purchased any such bonds or warrants and issued warrants payable from said fund, which warrants are unpaid because of lack of funds and have remained unpaid for a period of less than fifteen (15) years from date of issue thereof, such city may use any funds available in the revolving fund, hereby authorized, to purchase said warrants at such price as the city shall determine, but in no event at more than fifty per cent (50%) of the face value, without interest. Whenever all such warrants shall have been purchased or paid, the city may transfer to the revolving fund, herein authorized, any bonds, warrants or other assets belonging to said fund first above mentioned, and thereafter such bonds, warrants or other assets shall be held and disposed of for the benefit of said revolving fund in the same manner as other funds and assets therein: *Provided*, That nothing contained in this act shall legalize any warrants heretofore issued or render any city liable thereunder.

City not  
made liable.

Action to be  
by ordi-  
nance.

SEC. 7. All actions of a city respecting the purchase of bonds and warrants or sales of bonds, warrants or assets of said revolving fund shall be as directed by general or special ordinance.

Passed the House February 3, 1943.

Passed the Senate March 8, 1943.

Approved by the Governor March 22, 1943.