

CHAPTER 79.

[S. B. 86.]

URBAN RENEWAL—BONDS.

AN ACT relating to the Urban Renewal Law; authorizing the issuance of general obligation bonds; and adding a new section to chapter 42, Laws of 1957 and to chapter 35.81 RCW.

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

New section.

SECTION 1. There is added to chapter 42, Laws of 1957, and to chapter 35.81 RCW a new section to read as follows:

General obligation bonds authorized.

For the purposes of this chapter a municipality may (in addition to any authority to issue bonds pursuant to RCW 35.81.100) issue and sell its general obligation bonds. Any bonds issued by a municipality pursuant to this section shall be issued in the manner and within the limitations prescribed by the laws of this state for the issuance and authorization of bonds by such municipality for public purposes generally.

Passed the Senate February 12, 1959.

Passed the House February 26, 1959.

Approved by the Governor March 6, 1959.

CHAPTER 80.

[S. B. 152.]

CITIES—LEASE OF SPACE—OPTION TO PURCHASE.

AN ACT relating to the acquisition of sites, construction and financing of buildings for cities and towns, and the leasing and acquisition thereof by cities and towns.

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

Purpose.

SECTION 1. It is the purpose of this act to supplement existing law for the leasing of space by cities and towns to provide for the leasing of such space

through leases with an option to purchase and the acquisition of buildings erected upon land owned by a city or town upon the expiration of a lease of such land.

SEC. 2. The term "building" as used in this act shall be construed to mean any building or buildings used as a part of, or in connection with, the operation of a city or town, and shall include the site and appurtenances, including but not limited to, heating facilities, water supply, sewage disposal, landscaping, walks, and drives.

"Building" defined.

SEC. 3. Any city or town may, as lessee, lease a building for its use for a term of not to exceed fifty years.

Term limitation.

SEC. 4. A lease of a building executed pursuant to this act may grant the lessee city or town an option to renew for a further term on like conditions, or an option to purchase the building covered by the lease at any time prior to the expiration of the term. A lease with an option to purchase shall provide that all sums paid as rent up to the time of exercising the option shall be credited toward the payment of the purchase price as of the date of payment. No lease shall provide, nor be construed to provide, that any city or town shall be under any obligation to purchase the leased building.

Option to renew.

Option to purchase.

SEC. 5. A lease of a building may provide that as a part of the rental, the lessee city or town may pay taxes and assessments on the leased building, maintain insurance thereon for the benefit of the lessor, and assume responsibilities for repair, replacement, alterations, and improvements during the term of the lease.

Permitted covenants in lease.

SEC. 6. A city or town may, in anticipation of the acquisition of a site and the construction of a building, execute a lease, as lessee, prior to the actual acquisition of a site and the construction of a build-

Lease prior to occupancy permitted.

Bond.

ing, but the lease shall not require payment of rental by the lessee until the building is ready for occupancy. The lessor shall furnish a bond satisfactory to the lessee conditioned on the delivery of possession of the completed building to the lessee city or town at the time prescribed in the lease, unavoidable delay excepted. The lease shall provide that no part of the cost of construction of the building shall ever become an obligation of the lessee city or town.

Lease and lease-back agreements authorized.

SEC. 7. Any city or town desiring to have a building for its use erected on land owned, or to be acquired, by it, may, as lessor, lease the land for a reasonable rental for a term of not to exceed fifty years: *Provided*, That the city or town shall lease back the building or a portion thereof for the same term. The leases shall contain terms as agreed upon between the parties, and shall include the following provisions:

Covenants in leases.

(1) No part of the cost of construction of the building shall ever be or become an obligation of the city or town.

(2) The city or town shall have a prior right to occupy any or all of the building upon payment of rental as agreed upon by the parties, which rental shall not exceed prevailing rates for comparable space.

(3) During any time that all or any portion of the building is not required for occupancy by the city or town, the lessee of the land may rent the unneeded portion to suitable tenants approved by the city or town.

(4) Upon the expiration of the lease, all buildings and improvements on the land shall become the property of the city or town.

Bids, lease and lease-back agreement—
Notice.

SEC. 8. A lease and lease back agreement requiring a lessee to build on city or town property shall be made pursuant to a call for bids upon terms

most advantageous to the city or town. The call for bids shall be given by posting notice thereof in a public place in the city or town and by publication in the official newspaper of the city or town once each week for two consecutive weeks before the date fixed for opening the bids. If there is no official newspaper, the notice shall be published in a newspaper of general circulation in the city or town. The city council or commission of the city or town may by resolution reject all bids and make further calls for bids in the same manner as the original call. If no bid is received on the first call, the city council or commission may readvertise and make a second call, or may execute a lease without any further call for bids.

SEC. 9. All leases executed pursuant to this act shall be exempt from the tax imposed by chapter 19, Laws of 1951 second extraordinary session, as amended, and chapter 28.45 RCW; section 5, chapter 389, Laws of 1955, and RCW 82.04.040; and section 9, chapter 178, Laws of 1941, and RCW 82.08.090, and by rules and regulations of the tax commission issued pursuant thereto.

Leases ex-
empted from
certain taxes.

Passed the Senate February 13, 1959.

Passed the House February 26, 1959.

Approved by the Governor March 6, 1959.