

limitations provided for in sections 5 and 7 of this act, a regular property tax levy in an amount equal to that which would be produced by a levy of two mills multiplied by an assessed valuation equal to twenty-five percent of the true and fair value of the taxable property in the rural library district, as determined by the department of revenue's indicated county ratio. For purposes of this section "regular property tax levy" shall mean a levy subject to the forty mill limitation provided for in Article VII, section 2 of the state Constitution.

NEW SECTION. Sec. 10. The following acts or parts of acts are each repealed:

(1) Sections 3 through 6, chapter 174, Laws of 1965 ex. sess., sections 3 through 6, 8 and 9, chapter 146, Laws of 1967 ex. sess., section 1, chapter 242, Laws of 1969 ex. sess. and RCW 84.54.030 through 84.54.090; and

(2) Section 64, chapter 262, Laws of 1969 ex. sess. and RCW 84.52.051.

NEW SECTION. Sec. 11. This act shall take effect July 1, 1970 but shall not affect property taxes levied in 1969 or prior years.

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Passed the Senate February 10, 1970  
Approved by the Governor February 23, 1970  
Filed in Office of Secretary of State February 24, 1970

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CHAPTER 93  
[House Bill No. 326]  
FUNDS--INVESTMENT--  
LOCAL IMPROVEMENT INSTALLMENT NOTES

AN ACT Relating to the investment of funds; amending section 35.45-.150, chapter 7, Laws of 1965 and RCW 35.45.150; adding a new section to chapter 39.60 RCW; and declaring an emergency.

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

NEW SECTION. Section 1. There is added to chapter 39.60 RCW a new section to read as follows:

Notwithstanding the provisions of any other statute of the state of Washington to the contrary, it shall be lawful for the state of Washington and any of its departments, institutions and agencies,

municipalities, districts, and any other political subdivision, or any political or public corporation of the state, or for any executor, administrator, guardian, or conservator, trustee or other fiduciary, to invest its funds or the moneys in its custody or possession, eligible for investment, in notes, bonds, or debentures of savings and loan associations, banks, mutual savings banks, savings and loan service corporations operating with approval of the Federal Home Loan Bank, and corporate mortgage companies: PROVIDED, That the notes, bonds or debentures are rated not less than "A" by nationally recognized rating agency, or are insured or guaranteed by an agency of the federal government or by private insurer authorized to do business in the state: PROVIDED FURTHER, That the notes, bonds and debentures insured or guaranteed by a private insurer shall also be backed by a pool of mortgages equal to the amount of the notes, bonds or debentures.

Sec. 2. Section 35.45.150, chapter 7, Laws of 1965 and RCW 35.45.150 are each amended to read as follows:

In addition to the issuance of bonds and warrants in payment of the cost and expense of any local improvement, any city or town may also issue and sell installment notes payable out of the local improvement district fund. (~~(7-where-such-notes-are-to-be-sold-exclusively-to-another-fund-of-the-same-municipality-as-an-investment-thereof-))~~ Such installment notes may be issued any time after the thirty day period allowed by law for the payment of assessments of any district without penalty or interest, and may bear any denomination or denominations, the aggregate of which shall represent the balance of the cost and expense of the local improvement district which is to be borne by the property owners therein.

Application of local improvement district funds for the reduction of the principal and interest amounts due on any notes herein provided to finance said improvement shall be made not less than once each year beginning with the issue date thereof. Appropriate notification of such application of funds shall be made by the city treas-

urer to the registered payees of said notes, except those notes owned by funds of the issuing municipality. If more than one local improvement installment note is issued for a single district, said notes shall be numbered consecutively. All notes issued shall bear on the face thereof: (1) The name of the payee; (2) the number of the local improvement district from whose funds the notes are payable; (3) the date of issue of each note; (4) the date on which the note, or the final installment thereon shall become due; (5) the rate of interest, not to exceed ((eight)) twelve percent, to be paid on the unpaid balance thereof, and; (6) such manual or facsimile signatures and attestations as are required by state statute or city charter to appear on the warrants of each issuing municipality.

The reverse side of each installment note issued pursuant to this section shall bear a tabular payment record which shall indicate at prescribed installment dates, the receipt of any local improvement district funds for the purpose of servicing the debt evidenced by said notes. Such receipts shall first be applied toward the interest due on the unpaid balance of the note, and any additional moneys shall thereafter apply as a reduction of the principal amount thereof. The tabular payment record shall, in addition to the above, show the unpaid principal balance due on each installment note, together with sufficient space opposite each transaction affecting said note for the manual signature of the city's clerk, treasurer or other properly designated receiving officer of the municipality, or of any other registered payee presenting said note for such installment payments.

Whenever there are insufficient funds in a local improvement district to meet any payment of installment interest due on any note herein authorized, a non-interest-bearing defaulted installment interest certificate shall be issued by the city treasurer which shall consist of a written statement certifying the amount of such defaulted interest installment; the name of the payee of the note to whom the interest is due and the number of the local improvement district from whose funds the note and interest thereon is payable. The certificate

herein provided shall bear the manual signature of the city treasurer or his authorized agent. The defaulted installment interest certificate so issued shall be redeemed for the face amount thereof with any available funds in the local improvement guaranty fund.

Whenever at the date of maturity of any installment note issued pursuant to this section, there are insufficient funds in a local improvement district, due to delinquencies in the collection of assessments, to pay the final installment of the principal due thereon, the note shall be redeemed with any available funds in the local improvement guaranty fund for the amount of said final installment.

All certificates and notes issued pursuant to this section are to become subject to the same redemption privileges as apply to any local improvement district bonds and warrants now accorded the protection of the local improvement guaranty fund as provided in chapter 35.54 RCW, and whenever the certificates or notes issued as herein provided for \*[are] redeemed by said local improvement guaranty fund, they shall be held therein as investments thereof in the same manner as prescribed for other defaulted local improvement district obligations.

Notwithstanding any other statutory provisions, local improvement installment notes authorized by this section which are within the protection of the local improvement guaranty fund law shall be considered legal investments for any available surplus funds of the issuing municipality which now or hereafter may be authorized to be invested in the city's local improvement districts' bonds or warrants and shall be considered legal investments for all national and state banks, savings and loan institutions, and any and all other commercial banking or financial institutions to the same extent that the local improvement district bonds and coupons issued pursuant to the provisions of this chapter have been and are legal investments for such institutions. Any such local improvement installment notes may be transferred or sold by said city or town upon such terms or conditions and in such manner as the local governing body of said city or town may determine, pursuant to a call for public bid: PROVIDED, HOWEVER,

That the same shall not be sold at less than par plus accrued interest.

NEW SECTION. Sec. 3. This 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. 4. If any provision of this 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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CHAPTER 94  
[Engrossed House Bill No. 21]  
LOCAL SALES AND USE TAXES

AN ACT Relating to revenue and taxation; amending section 82.02.020, chapter 15, Laws of 1961 as amended by section 16, chapter 236, Laws of 1967 and RCW 82.02.020; adding a new chapter to Title 82 RCW; and declaring an emergency.

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

NEW SECTION. Section 1. The legislature finds that the several counties and cities of the state lack adequate sources of revenue to carry out essential county and municipal purposes. The legislature further finds that the most efficient and appropriate methods of deriving revenues for such purposes is to vest additional taxing powers in the governing bodies of counties and cities which they may or may not implement. The legislature intends, by enacting this 1970 amendatory act, to provide the means by which essential county and municipal purposes can be financially served should they choose to employ them.

NEW SECTION. Sec. 2. Notwithstanding the provisions of section 12 of this 1970 amendatory act, this 1970 act shall not take effect until the effective date of the law enacted by this 1970 extraordinary session which in effect appropriates for distribution to