

CHAPTER 7

[House Bill No. 26]

HIGHWAYS ENVIRONMENTAL IMPACT

AN ACT Relating to the environmental impact of highways; repealing section 1, chapter 24, Laws of 1971 ex. sess. and RCW 47.04.110; repealing section 2, chapter 24, Laws of 1971 ex. sess. and RCW 47.04.120; and repealing section 3, chapter 24, Laws of 1971 ex. sess. and RCW 47.04.130.

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

NEW SECTION. Section 1. The following acts or parts of acts are each repealed:

- (1) Section 1, chapter 24, Laws of 1971 ex. sess. and RCW 47.04.110;
- (2) Section 2, chapter 24, Laws of 1971 ex. sess. and RCW 47.04.120;

and

- (3) Section 3, chapter 24, Laws of 1971 ex. sess. and RCW 47.04.130.

Passed the House January 24, 1979.

Passed the Senate February 28, 1979.

Approved by the Governor March 2, 1979.

Filed in Office of Secretary of State March 2, 1979.

CHAPTER 8

[House Bill No. 342]

SECURITIES—CODE CORRECTION

AN ACT Relating to securities; reenacting section 31, chapter 282, Laws of 1959 as last amended by section 1, chapter 172, Laws of 1977 ex. sess. and by section 2, chapter 188, Laws of 1977 ex. sess. and RCW 21.20.310; and declaring an emergency.

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

Section 1. Section 31, chapter 282, Laws of 1959 as last amended by section 1, chapter 172, Laws of 1977 ex. sess. and by section 2, chapter 188, Laws of 1977 ex. sess. and RCW 21.20.310 are each reenacted to read as follows:

RCW 21.20.140 through 21.20.300, inclusive, shall not apply to any of the following securities:

- (1) Any security (including a revenue obligation) issued or guaranteed by the United States, any state, any political subdivision of a state, or any agency or corporate or other instrumentality of one or more of the foregoing; or any certificate of deposit for any of the foregoing; but this exemption shall not include any security payable solely from revenues to be received from a nongovernmental industrial or commercial enterprise unless such payments shall be made or unconditionally guaranteed by a person whose securities are exempt from registration by subsections (7) or (8) of this section.

(2) Any security issued or guaranteed by Canada, any Canadian province, any political subdivision of any such province, any agency or corporate or other instrumentality of one or more of the foregoing, or any other foreign government with which the United States currently maintains diplomatic relations; but this exemption shall not include any security payable solely from revenues to be received from a nongovernmental industrial or commercial enterprise unless such payments shall be made or unconditionally guaranteed by a person whose securities are exempt from registration by subsections (7) or (8) of this section.

(3) Any security issued by and representing an interest in or a debt of, or guaranteed by, any bank organized under the laws of the United States, or any bank or trust company organized or supervised under the laws of any state.

(4) Any security issued by and representing an interest in or a debt of, or guaranteed by, any federal savings and loan association, or any building and loan or similar association organized under the laws of any state and authorized to do business in this state.

(5) Any security issued by and representing an interest in or a debt of, or guaranteed by, any insurance company organized under the laws of this state and authorized to do and actually doing business in this state.

(6) Any security issued or guaranteed by any federal credit union or any credit union, industrial loan association, or similar association organized and supervised under the laws of this state.

(7) Any security issued or guaranteed by any railroad, other common carrier, public utility, or holding company which is (a) subject to the jurisdiction of the interstate commerce commission; (b) a registered holding company under the public utility holding company act of 1935 or a subsidiary of such a company within the meaning of that act; (c) regulated in respect of its rates and charges by a governmental authority of the United States or any state or municipality; or (d) regulated in respect of the issuance or guarantee of the security by a governmental authority of the United States, any state, Canada, or any Canadian province; also equipment trust certificates in respect of equipment conditionally sold or leased to a railroad or public utility, if other securities issued by such railroad or public utility would be exempt under this subsection.

(8) Any security listed or approved for listing upon notice of issuance on the New York stock exchange, the American stock exchange, the Midwest stock exchange, the Spokane stock exchange or any other stock exchange registered with the federal securities and exchange commission and approved by the director; any other security of the same issuer which is of senior or substantially equal rank; any security called for by subscription rights or warrants so listed or approved; or any warrant or right to purchase or subscribe to any of the foregoing. The director shall have power at any

time by written order to withdraw the exemption so granted as to any particular security.

(9) Any commercial paper which arises out of a current transaction or the proceeds of which have been or are to be used for current transaction, and which evidences an obligation to pay cash within nine months of the date of issuance, exclusive of days of grace, or any renewal of such paper which is likewise limited, or any guarantee of such paper or of any such renewal, when such commercial paper is sold to the banks or insurance companies.

(10) Any investment contract issued in connection with an employee's stock purchase, savings, pension, profit-sharing, or similar benefit plan if the director is notified in writing thirty days before the inception of the plan or, with respect to plans which are in effect on June 10, 1959, within sixty days thereafter (or within thirty days before they are reopened if they are closed on June 10, 1959).

(11) Any security issued by any person organized and operated as a nonprofit organization as defined in RCW 84.36.800(4) exclusively for religious, educational, and charitable purposes and which nonprofit organization also possesses a current tax exempt status under the laws of the United States, which security is offered or sold only to persons who, prior to their solicitation for the purchase of said securities, were members of, contributors to, or listed as participants in, the organization, or their relatives, if such nonprofit organization first files a notice specifying the terms of the offering and the director does not by order disallow the exemption within the next ten full business days: PROVIDED, That no offerings shall be made until expiration of the ten full business days. Every such nonprofit organization which files a notice of exemption of such securities shall pay a filing fee as set forth in RCW 21.20.340(12) as now or hereafter amended.

The notice shall consist of the following:

- (a) The name and address of the issuer;
- (b) The names, addresses, and telephone numbers of the current officers and directors of the issuer;
- (c) A short description of the security, price per security, and the number of securities to be offered;
- (d) A statement of the nature and purposes of the organization as a basis for the exemption under this section;
- (e) A statement of the proposed use of the proceeds of the sale of the security; and
- (f) A statement that the issuer shall provide to a prospective purchaser written information regarding the securities offered prior to consummation of any sale, which information shall include the following statements: (i) "ANY PROSPECTIVE PURCHASER IS ENTITLED TO REVIEW FINANCIAL STATEMENTS OF THE ISSUER WHICH SHALL BE FURNISHED UPON REQUEST."; (ii) "RECEIPT OF NOTICE OF

EXEMPTION BY THE WASHINGTON ADMINISTRATOR OF SECURITIES DOES NOT SIGNIFY THAT THE ADMINISTRATOR HAS APPROVED OR RECOMMENDED THESE SECURITIES, NOR HAS THE ADMINISTRATOR PASSED UPON THE OFFERING. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE."; and (iii) "THE RETURN OF THE FUNDS OF THE PURCHASER IS DEPENDENT UPON THE FINANCIAL CONDITION OF THE ORGANIZATION."

NEW SECTION, Sec. 2. 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.

EXPLANATORY NOTE

Section 1. RCW 21.20.310 was amended twice during the 1977 extraordinary session of the legislature, each without reference to the other.

(1) 1977 ex.s. c 172 § 1 added to subsection (1) "; but this exemption shall not include any security payable solely from revenues to be received from a nongovernmental industrial or commercial enterprise unless such payments shall be made or unconditionally guaranteed by a person whose securities are exempt from registration by subsections (7) or (8) of this section"

In subsection (2) the phrase ", if the security is recognized as a valid obligation by the issuer or guarantor" was deleted and identical material was added as in subsection (1).

(2) 1977 ex.s. c 188 § 2 changed the phrase "the effective date of this chapter" to "June 10, 1959" in subsection 10. A new subsection (11) was also added regarding tax exempt status of nonprofit organizations.

As these amendments appear to be in different respects, the purpose of this act is to give effect to each by reenacting the section with both amendments included therein.

Passed the House January 24, 1979.

Passed the Senate February 26, 1979.

Approved by the Governor March 2, 1979

Filed in Office of Secretary of State March 2, 1979.

CHAPTER 9

[House Bill No. 343]

WASHINGTON STATE HISTORICAL SOCIETY—CODE CORRECTION

AN ACT Relating to the Washington state historical society; reenacting section 1, chapter 177, Laws of 1903 as amended by section 14, chapter 75, Laws of 1977 and by section 2, chapter 81, Laws of 1977 ex. sess. and RCW 27.28.010; reenacting section 1, chapter 187, Laws of 1925 ex. sess. as last amended by section 15, chapter 75, Laws of 1977 and by section 3, chapter 81, Laws of 1977 ex. sess. and RCW 27.32.010; and declaring an emergency.

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

Section 1. Section 1, chapter 177, Laws of 1903 as amended by section 14, chapter 75, Laws of 1977 and by section 2, chapter 81, Laws of 1977 ex. sess. and RCW 27.28.010 are each reenacted to read as follows: