

NEW SECTION. Sec. 12. The provisions of RCW 48.30.140 and 48.30.150 shall not be construed in such a manner as to prevent any local governmental entity or organization of local government entities that is organized under section 4 of this act from engaging or contracting with an insurance agent or broker to purchase or obtain insurance on a fee basis.

Sec. 13. Section .01.05, chapter 79, Laws of 1947 as amended by section 1, chapter 13, Laws of 1975-'76 2nd ex. sess. and RCW 48.01.050 are each amended to read as follows:

"Insurer" as used in this code includes every person engaged in the business of making contracts of insurance, other than a fraternal benefit society. A reciprocal or interinsurance exchange is an "insurer" as used in this code. Two or more hospitals, as defined in RCW 70.39.020(3), which join and organize as a mutual corporation pursuant to chapter 24.06 RCW for the purpose of insuring or self-insuring against liability claims, including medical liability, through a contributing trust fund shall not be deemed an "insurer" under this code. Two or more local governmental entities, as defined in section 2 of this 1979 act, which pursuant to section 4 of this 1979 act or any other provision of law join together and organize to form an organization for the purpose of jointly self-insuring shall not be deemed an "insurer" under this code.

NEW SECTION. Sec. 14. Sections 1 through 12 of this act are each added to Title 48 RCW.

Passed the House May 31, 1979.

Passed the Senate May 9, 1979.

Approved by the Governor June 21, 1979.

Filed in Office of Secretary of State June 21, 1979.

CHAPTER 257

[House Bill No. 191]

SCHOOL DISTRICT BONDS—SALE AND ISSUANCE COSTS, PAYMENT OF

AN ACT Relating to school district bonds; amending section 28A.51.070, chapter 223, Laws of 1969 ex. sess. and RCW 28A.51.070; amending section 4, chapter 244, Laws of 1969 ex. sess. as last amended by section 1, chapter 98, Laws of 1975 1st ex. sess. and RCW 28A.47.803; and creating a new section.

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

Section 1. Section 28A.51.070, chapter 223, Laws of 1969 ex. sess. and RCW 28A.51.070 are each amended to read as follows:

At the time named in said notice it shall be the duty of said board of directors to meet with the county treasurer at his office, and with him open said bids, and sell said bonds or any portion thereof to the person or persons making the most advantageous offer: PROVIDED, That said bids and the acceptance or rejection thereof and the sale of such bonds shall be in conformance with the provisions of RCW 39.44.030. Upon the sale of the

bonds, the board of directors, as soon thereafter as practicable, shall deliver the bonds, properly executed, to the county treasurer, taking his receipt therefor. The county treasurer, upon payment of the price agreed upon, shall deliver the same to the person or persons to whom sold, and place the moneys arising from such sale to the credit of the general school fund of the district: PROVIDED, That where the bonds have been sold for the purchase of a schoolhouse site or sites or building one or more schoolhouses and providing the same with all necessary furniture, apparatus or equipment, or for any or all of these purposes, he shall place the money derived from such sale to the credit of the building fund of the district, and such fund is hereby created. (~~Fees for advertising shall be deducted from the proceeds.~~) The board of directors may provide that costs incurred relating to the sale and issuance of the bonds shall be paid from the bond proceeds. If the board of directors and the person or persons to whom the bonds are sold agree that the delivery of said bonds shall be in installments, the county treasurer shall hold said bonds, and deliver to purchasers only on written order of the board of directors to deliver at specified times the bonds designated by number and series.

****Sec. 2. Section 4, chapter 244, Laws of 1969 ex. sess. as last amended by section 1, chapter 98, Laws of 1975 1st ex. sess. and RCW 28A.47.803 are each amended to read as follows:***

Allocations to school districts of state funds provided by RCW 28A.47-.800 through 28A.47.811 shall be made by the state board of education and the amount of state assistance to a school district in financing a school plant project shall be determined in the following manner:

(1) The boards of directors of the districts shall determine the total cost of the proposed project, which cost may include the cost of acquiring and preparing the site, the cost of constructing the building or of acquiring a building and preparing the same for school use, the cost of necessary equipment, taxes chargeable to the project, necessary architects' fees, and a reasonable amount for contingencies and for other necessary incidental expenses: PROVIDED, That the total cost of the project shall be subject to review and approval by the state board of education.

(2) The state matching percentage for a school district shall be computed by the following formula:

The ratio of the school district's adjusted valuation per full time equivalent pupil divided by the ratio of the total state adjusted valuation per full time pupil shall be subtracted from ~~((three))~~ two, and then the result of the foregoing shall be divided by ~~((three))~~ two plus (the ratio of the school district's adjusted valuation per full time equivalent pupil divided by the ratio of the total state adjusted valuation per full time pupil).

$$\begin{array}{rcc}
 \text{Computed} & & \\
 \text{State} & & \\
 \text{Ratio} & = & \text{State} \\
 & & \text{Assist-} \\
 & & \text{ance} \\
 & & \% \\
 & = & \\
 \text{((3))} & \frac{\text{District adjusted}}{\text{valuation per full}} & \frac{\text{Total state ad-}}{\text{justed valuation}} \\
 & \frac{\text{time equivalent}}{\text{pupil}} & \frac{\text{per full time}}{\text{equivalent pupil}} \\
 & & \\
 \text{((3))} & \frac{\text{District adjusted}}{\text{valuation per full}} & \frac{\text{Total state ad-}}{\text{justed valuation}} \\
 & \frac{\text{time equivalent}}{\text{pupil}} & \frac{\text{per full time}}{\text{equivalent pupil}}
 \end{array}$$

PROVIDED, That in the event the percentage of state assistance to any school district based on the above formula is less than twenty percent and such school district is otherwise eligible for state assistance under RCW 28A.47.800 through 28A.47.811, the state board of education may establish for such district a percentage of state assistance not in excess of twenty percent of the approved cost of the project, if the state board finds that such additional assistance is necessary to provide minimum facilities for housing the pupils of the district; PROVIDED FURTHER, That the percentage of state assistance to any such school district shall be based upon the formula in this subsection in effect at such time a district's bond issue for any such specific project was approved by the voters.

(3) In addition to the computed percent of state assistance developed in (2) above, a school district shall be entitled to additional percentage points determined by the average percentage of growth for the past three years. One percent shall be added to the computed percent of state assistance for each percent of growth, with a maximum of twenty percent.

(4) The approved cost of the project determined in the manner herein prescribed times the percentage of state assistance derived as provided for herein shall be the amount of state assistance to the district for the financing of the project: **PROVIDED, That need therefor has been established to the satisfaction of the state board of education: PROVIDED, FURTHER, That additional state assistance may be allowed if it is found by the state board of education that such assistance is necessary in order to meet (a) a school housing emergency resulting from the destruction of a school building by fire, the condemnation of a school building by properly constituted authorities, a sudden excessive and clearly foreseeable future increase in school population, or other conditions similarly emergent in nature; or (b) a special school housing burden imposed by virtue of the admission of nonresident students into educational programs established, maintained and operated in conformity with the requirements of law; or (c) a deficiency in the capital funds of the district resulting from financing, subsequent to April 1, 1969, and without benefit of the state assistance provided by prior state assistance programs, the construction of a needed school building project or projects approved in conformity with the requirements of such programs, after having first applied for and been denied state assistance because of the inadequacy of state funds available for the purpose, or (d) a condition created by the fact that an excessive number of students live in state owned housing, or (e) a need for the**

construction of a school building to provide for improved school district organization or racial balance, or (f) conditions similar to those defined under (a), (b), (c), (d) and (e) hereinabove, creating a like emergency.

*Sec. 2 was vetoed, see message at end of chapter.

NEW SECTION. Sec. 3. If any provision of this amendatory 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.

Passed the House June 1, 1979.

Passed the Senate June 1, 1979.

Approved by the Governor June 21, 1979, with the exception of Section 2 which is vetoed.

Filed in Office of Secretary of State June 21, 1979.

NOTE: Governor's explanation of partial veto is as follows:

"I am returning herewith without my approval as to one section of House Bill No. 191 entitled:

"AN ACT Relating to school district bonds;"

Section 2 of this bill would reduce the state's matching ratio for school district capital construction. Buildings are an integral part of an educational program and to reduce the state matching ratio for capital at the same time the state has increased its commitment to 100 percent of basic education operating costs would be inconsistent. In addition, decreasing the state's matching ratio for capital construction would increase property tax levies at a time when the Legislature has approved, and I have signed, several measures designed to decrease property taxes.

A major thrust of my administration has been to place the common schools on a sound financial basis and reduce property taxes as a primary source of support. To reduce the state's funding for school construction would be in conflict with my basic commitment to both goals. While I do not endorse buildings that are unnecessary, I believe the voters of the individual school districts are best able to judge the necessity for construction of school buildings when they cast their special levy votes.

With the exception of Section 2, which I have vetoed, the remainder of House Bill No. 191 is approved."

CHAPTER 258

[Substitute House Bill No. 574]

WATER SUPPLY FACILITIES—CONSTRUCTION—BOND ISSUE— APPROPRIATION

AN ACT Relating to state and local government and the support thereof; authorizing the issuance and sale of state general obligation bonds to provide for needed water supply facilities throughout the state; providing ways and means to pay the bonds; adding a new chapter to Title 43 RCW; and making an appropriation.

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

NEW SECTION. Section 1. The development goals for the state of Washington must include the provision of those supportive public services necessary for the development and expansion of industry, commerce, and