

NEW SECTION. Sec. 21. 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.

NEW SECTION. Sec. 22. This chapter may be known and cited as the Business Opportunity Fraud Act.

NEW SECTION. Sec. 23. Sections 1 through 22 of this act shall constitute a new chapter in Title 19 RCW.

NEW SECTION. Sec. 24. There is appropriated to the department of licensing from the general fund, the sum of one hundred thirty-seven thousand dollars, or so much thereof as may be necessary, to carry out the purposes of this act.

NEW SECTION. Sec. 25. 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 July 1, 1981.

Passed the House April 26, 1981.

Passed the Senate April 26, 1981.

Approved by the Governor May 14, 1981.

Filed in Office of Secretary of State May 14, 1981.

CHAPTER 156

[Substitute House Bill No. 324]

INTEREST RATES FOR GOVERNMENT FINANCES

AN ACT Relating to interest rates concerning government finances; amending section 16, chapter 153, Laws of 1957 and RCW 17.28.160; reenacting section 35.45.150, chapter 7, Laws of 1965 as amended by section 37, chapter 56, Laws of 1970 ex. sess. and by section 2, chapter 93, Laws of 1970 ex. sess. and RCW 35.45.150; amending section 35.55.100, chapter 7, Laws of 1965 and RCW 35.55.100; amending section 35.55.110, chapter 7, Laws of 1965 and RCW 35.55.110; amending section 35.55.120, chapter 7, Laws of 1965 and RCW 35.55.120; amending section 35.56.110, chapter 7, Laws of 1965 and RCW 35.56.110; amending section 35.56.120, chapter 7, Laws of 1965 and RCW 35.56.120; amending section 35.56.130, chapter 7, Laws of 1965 and RCW 35.56.130; amending section 35.73.060, chapter 7, Laws of 1965 as amended by section 1, chapter 30, Laws of 1979 ex. sess. and RCW 35.73.060; amending section 36.67.040, chapter 4, Laws of 1963 as last amended by section 1, chapter 145, Laws of 1980 and RCW 36.67.040; amending section 36.88.140, chapter 4, Laws of 1963 as amended by section 3, chapter 66, Laws of 1970 ex. sess. and RCW 36.88.140; amending section 36.88.230, chapter 4, Laws of 1963 and RCW 36.88.230; amending section 7, chapter 194, Laws of 1967 and RCW 36.88.470; amending section 3, chapter 151, Laws of 1923 as last amended by section 58, chapter 56, Laws of 1970 ex. sess. and RCW 39.44.030; amending section 3, chapter 80, Laws of 1899 as amended by section 1, chapter 88, Laws of 1971 ex. sess. and RCW 39.56.010; amending section 5, chapter 80, Laws of 1899 and RCW 39.56.030; amending section 4, chapter 7, Laws of 1941 and RCW 53.43.040; amending section 9, chapter 390, Laws of 1955 as amended by section 60, chapter 195, Laws of 1973 1st ex. sess. and RCW 54.16.080; amending section 3, chapter 150, Laws of 1957 and RCW 54.24.220; amending section 1, chapter 82, Laws of 1935 as amended by section 1, chapter 102, Laws of 1937 and RCW 57.20.030; amending section 2, chapter 69, Laws of 1925 ex.

sess. and RCW 85.05.520; amending section 1, chapter 174, Laws of 1927 and RCW 85.06.324; amending section 23, chapter 176, Laws of 1913 as amended by section 28, chapter 130, Laws of 1917 and RCW 85.08.320; amending section 30, chapter 176, Laws of 1913 as last amended by section 9, chapter 46, Laws of 1923 and RCW 85.08.430; amending section 17, chapter 26, Laws of 1949 and RCW 85.16.220; amending section 5, chapter 225, Laws of 1909 as amended by section 4, chapter 140, Laws of 1923 and RCW 85.24.070; amending section 16, chapter 225, Laws of 1909 as amended by section 5, chapter 140, Laws of 1923 and RCW 85.24.230; amending section 41, page 692, Laws of 1889-90 as last amended by section 24, chapter 129, Laws of 1921 and RCW 87.03.470; amending section 42, page 693, Laws of 1889-90 as last amended by section 1, chapter 108, Laws of 1953 and RCW 87.03.475; amending section 12, chapter 162, Laws of 1917 as last amended by section 2, chapter 119, Laws of 1977 ex. sess. and RCW 87.03.490; amending section 2, chapter 128, Laws of 1935 as amended by section 6, chapter 70, Laws of 1970 ex. sess. and RCW 87.03.510; amending section 4, chapter 34, Laws of 1925 ex. sess. and RCW 87.48.040; amending section 145, chapter 254, Laws of 1927 as amended by section 16, chapter 149, Laws of 1933 and RCW 89.30.433; amending section 39, chapter 23, Laws of 1911 and RCW 91.08.410; amending section 41, chapter 23, Laws of 1911 and RCW 91.08.430; amending section 42, chapter 23, Laws of 1911 and RCW 91.08.440; amending section 43, chapter 23, Laws of 1911 and RCW 91.08.450; and adding a new section to chapter 39.58 RCW.

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

Section 1. Section 16, chapter 153, Laws of 1957 and RCW 17.28.160 are each amended to read as follows:

A mosquito control district organized under this chapter may:

(1) Take all necessary or proper steps for the extermination of mosquitoes.

(2) Subject to the paramount control of the county or city in which they exist, abate as nuisances all stagnant pools of water and other breeding places for mosquitoes.

(3) If necessary or proper, in the furtherance of the objects of this chapter, build, construct, repair, and maintain necessary dikes, levees, cuts, canals, or ditches upon any land, and acquire by purchase, condemnation, or by other lawful means, in the name of the district, any lands, rights of way, easements, property, or material necessary for any of those purposes.

(4) Make contracts to indemnify or compensate any owner of land or other property for any injury or damage necessarily caused by the use or taking of property for dikes, levees, cuts, canals, or ditches.

(5) Enter upon without hindrance any lands within the district for the purpose of inspection to ascertain whether breeding places of mosquitoes exist upon such lands; or to abate public nuisances in accordance with this chapter; or to ascertain if notices to abate the breeding of mosquitoes upon such lands have been complied with; or to treat with oil or other larvicidal material any breeding places of mosquitoes upon such lands.

(6) Sell or lease any land, rights of way, easements, property or material acquired by the district.

(7) Issue warrants payable at the time stated therein to evidence the obligation to repay money borrowed or any other obligation incurred by the district, warrants so issued to draw interest at a rate fixed by the board

((not to exceed five percent per year)) payable annually or semiannually as the board may prescribe.

(8) Make contracts with the United States, or any state, municipality, or any department of those entities for carrying out the general purpose for which the district is formed.

(9) Acquire by gift, devise, bequest, lease, or purchase, real and personal property necessary or convenient for its purposes.

(10) Make contracts, employ engineers, health officers, sanitarians, physicians, laboratory personnel, attorneys, and other technical or professional assistants; and publish information or literature and do any and all other things necessary or incident to the powers granted by, and to carry out the projects specified in this chapter.

Sec. 2. Section 35.45.150, chapter 7, Laws of 1965 as amended by section 37, chapter 56, Laws of 1970 ex. sess. and by section 2, chapter 93, Laws of 1970 ex. sess. and RCW 35.45.150 are each reenacted 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. 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 treasurer 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 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 noninterest-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 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.

Sec. 3. Section 35.55.100, chapter 7, Laws of 1965 and RCW 35.55.100 are each amended to read as follows:

The local assessments shall bear interest at such rate as may be fixed by the council ~~((, not exceeding the rate of eight percent per annum from and))~~ after the expiration of thirty days after the equalization of the assessment roll and shall bear such interest after delinquency as may be provided by general ordinance of the city.

Sec. 4. Section 35.55.110, chapter 7, Laws of 1965 and RCW 35.55.110 are each amended to read as follows:

If the improvement contemplated by this chapter is ordered to be made upon the immediate payment plan, the city council shall provide for the payment thereof by the issuance of local improvement fund warrants against the local improvement district, which warrants shall be paid only out of the funds derived from the local assessments in the district and shall bear interest at ~~((the))~~ a rate ~~((of eight percent per annum))~~ determined by the city council from date of issuance. If the improvement is ordered to be made upon the bond installment plan, the city council shall provide for the issuance of bonds against the improvement district.

Sec. 5. Section 35.55.120, chapter 7, Laws of 1965 and RCW 35.55.120 are each amended to read as follows:

The city council shall have full authority to provide for the issuance of bonds against the improvement district fund in such denominations as the city council may provide which shall bear such rate of interest as the city council may fix ~~((, not exceeding, however, eight percent per annum))~~. Interest shall be paid annually and the bonds shall become due and payable at such time, not exceeding ten years from the date thereof, as may be fixed by the council and shall be payable out of the local assessment district fund.

If so ordered by the council, the bonds may be issued in such a way that different numbers of the bonds may become due and payable at different intervals of time, or they may be so issued that all of the bonds against said district mature together.

Sec. 6. Section 35.56.110, chapter 7, Laws of 1965 and RCW 35.56.110 are each amended to read as follows:

The local assessments shall bear interest at such rate as may be fixed by the council or commission ~~((, not exceeding the rate of eight percent per annum))~~ from and after the expiration of thirty days after the equalization of the assessment roll and shall bear such interest after delinquency as may be provided by general ordinance of the city.

Sec. 7. Section 35.56.120, chapter 7, Laws of 1965 and RCW 35.56.120 are each amended to read as follows:

If the improvement contemplated by this chapter is ordered to be made upon the immediate payment plan, the city council or commission shall provide for the payment thereof by the issuance of local improvement fund warrants against the local improvement district, which warrants shall be paid only out of the funds derived from the local assessments in the district and shall bear interest at ~~((the))~~ a rate ~~((of eight percent per annum))~~ determined by the city council or commission from date of issuance. If the improvement is ordered to be made upon the bond installment plan, the city council or commission shall provide for the issuance of bonds against the improvement district.

Sec. 8. Section 35.56.130, chapter 7, Laws of 1965 and RCW 35.56.130 are each amended to read as follows:

The city council or commission shall have full authority to provide for the issuance of such bonds against the improvement district fund in such denominations as the city council or commission may provide, which shall bear such rate of interest as the city council or commission may fix ~~((; not exceeding, however, eight percent per annum))~~. Interest shall be paid annually and the bonds shall become due and payable at such time, not exceeding fifteen years from the date thereof, as may be fixed by the said council or commission and shall be payable out of the assessment district funds.

If so ordered by the council or commission, the bonds may be issued in such a way that different numbers of the bonds may become due and payable at different intervals of time, or they may be so issued that all of the bonds against said district mature together. The city may reserve the right to call or mature any bond on any interest paying date when sufficient funds are on hand for its redemption; but bonds shall be called in numerical order.

Sec. 9. Section 35.73.060, chapter 7, Laws of 1965 as amended by section 1, chapter 30, Laws of 1979 ex. sess. and RCW 35.73.060 are each amended to read as follows:

The city may, in its discretion, by general or special ordinance, or both, instead of requiring immediate payment for the said work to be made by the owners of property included in the assessment roll, authorize the issuance of interest bearing bonds or warrants of the local improvement district, payable on or before a date not to exceed twelve years from and after their date. The bonds may be issued subject to call, the amount of the said assessment to be payable in installments or otherwise, and the bonds to be of such terms as may be provided in the ordinances and to bear interest at such rate as may be prescribed in the ordinances ~~((; not exceeding eight percent per annum))~~.

Sec. 10. Section 36.67.040, chapter 4, Laws of 1963 as last amended by section 1, chapter 145, Laws of 1980 and RCW 36.67.040 are each amended to read as follows:

The bonds shall bear the date of issue, shall be made payable to the bearer and bear interest at a rate ~~((of not exceeding twelve percent per year))~~ determined by the county legislative authority, payable semiannually, with coupons attached for each interest payment. Except as otherwise provided in RCW 39.44.100, the bonds and each coupon shall be signed by the chairman of the ~~((board of county commissioners))~~ county legislative authority, or in counties having an elected executive, the elected executive officer, and shall be attested by the clerk of the ~~((board))~~ county legislative authority, and the seal of ~~((such board))~~ the county legislative authority shall be affixed to each bond, but not to the coupon. Each bond shall be printed, engraved, or lithographed on good bond paper.

Sec. 11. Section 36.88.140, chapter 4, Laws of 1963 as amended by section 3, chapter 66, Laws of 1970 ex. sess. and RCW 36.88.140 are each amended to read as follows:

The ~~((board))~~ county legislative authority shall prescribe by resolution within what time such assessment or installments thereof shall be paid, and shall provide for the payment and collection of interest ~~((at a rate not to exceed eight percent per annum))~~ and the rate of interest to be charged on that portion of any assessment which remains unpaid over thirty days after such date. Assessments or installments thereof which are delinquent, shall bear, in addition to such interest, such penalty not less than five percent as shall be prescribed by resolution. Interest and penalty shall be included in and shall be a part of the assessment lien. All liens acquired by the county hereunder shall be foreclosed by the appropriate county officers in the same manner and subject to the same rights of redemption provided by law for the foreclosure of liens held by cities or towns against property in local improvement districts.

Sec. 12. Section 36.88.230, chapter 4, Laws of 1963 and RCW 36.88-.230 are each amended to read as follows:

Whenever there shall be paid out of a guaranty fund any sum on account of principal or interest of a road improvement district bond or warrant, the county, as trustee for the fund, shall be subrogated to all the rights of the holder of the bond or interest coupon or warrant so paid, and the proceeds thereof, or of the assessment underlying the same, shall become part of the guaranty fund. There shall also be paid into each guaranty fund the interest received from bank deposits or government securities of the fund, as well as any surplus remaining in any local improvement fund guaranteed hereunder after the payment of all outstanding bonds or warrants payable primarily out of such road improvement fund. Warrants drawing interest at a rate not to exceed ~~((six percent))~~ the rate determined

by the county legislative authority shall be issued, as other warrants are issued by the county, against a guaranty fund to meet any liability accruing against it, and at the time of making its annual budget and tax levy the county shall provide from funds available for road purposes for the deposit in the guaranty fund of a sum sufficient with other resources of such fund to pay warrants so issued during the preceding fiscal year. As among the several issues of bonds or warrants guaranteed by the fund no preference shall exist, but defaulted interest coupons, bonds and warrants shall be purchased out of the fund in the order of their presentation.

Every county establishing a guaranty fund for road improvement district bonds or warrants shall prescribe by resolution appropriate rules and regulations for the maintenance and operation of the guaranty fund not inconsistent herewith. So much of the money of a guaranty fund as is necessary may be used to purchase underlying bonds or warrants guaranteed by the fund, or to purchase certificates of delinquency for general taxes on property subject to local improvement assessments, or to purchase such property at tax foreclosures, for the purpose of protecting the guaranty fund. Said fund shall be subrogated to the rights of the county, and the county, acting on behalf of said fund, may foreclose the lien of general tax certificates of delinquency and purchase the property at the foreclosure sale for the account of said fund. Whenever the governing authority of any county shall so cause a lien of general tax certificates of delinquency to be foreclosed and the property to be so purchased at a foreclosure sale, the court costs and costs of publication and expenses for clerical work and/or other expense incidental thereto, shall be chargeable to and payable from the guaranty fund. After so acquiring title to real property, a county may lease or sell and convey the same at public or private sale for such price and on such terms as may be determined by resolution of the board of commissioners or other legislative body, and all proceeds resulting from such sales shall belong to and be paid into the guaranty fund.

Sec. 13. Section 7, chapter 194, Laws of 1967 and RCW 36.88.470 are each amended to read as follows:

Whenever there shall be paid out of the guaranty fund any sum on account of principal or interest of a county road improvement district bond or warrant, the county, as trustee for the fund, shall be subrogated to all the rights of the holder of the bond or interest coupon or warrant so paid, and the proceeds thereof, or of the assessment underlying the same, shall become part of the guaranty fund. There shall also be paid into each guaranty fund the interest received from investments of the fund, as well as any surplus remaining in any county road improvement fund guaranteed hereunder after the payment of all outstanding bonds or warrants payable primarily out of such utility conversion county road improvement district fund. Warrants drawing interest at a rate not to exceed (~~six percent~~) the rate determined by the county legislative authority shall be issued, as other warrants

are issued by the county, against the guaranty fund to meet any liability accruing against it, and at the time of making its annual budget and tax levy the county shall provide from funds available for the deposit in the guaranty fund of a sum sufficient with other resources of such fund to pay warrants so issued during the preceding fiscal year. As among the several issues of bonds or warrants guaranteed by the fund no preference shall exist, but defaulted interest coupons, bonds and warrants shall be purchased out of the fund in the order of their presentation.

Every county establishing a guaranty fund for utility conversion road improvement district bonds or warrants shall prescribe by resolution appropriate rules and regulations for the maintenance and operation of such guaranty fund not inconsistent herewith. So much of the money of a guaranty fund as is necessary may be used to purchase underlying bonds or warrants guaranteed by the fund, or to purchase certificates of delinquency for general taxes on property subject to local improvement assessments, or to purchase such property at tax foreclosures, for the purpose of protecting the guaranty fund. The fund shall be subrogated to the rights of the county and the county, acting on behalf of the fund, may foreclose the lien of general tax certificates of delinquency and purchase the property at the foreclosure sale for the account of said fund. Whenever the governing authority of any county shall so cause a lien of general tax certificates of delinquency to be foreclosed and the property to be so purchased at a foreclosure sale, the court costs and costs of publication and expenses for clerical work and/or other expense incidental thereto, shall be chargeable to and payable from the guaranty fund. After so acquiring title to real property, a county may lease or sell and convey the same at public or private sale for such price and on such terms as may be determined by resolution of the board of county commissioners or other legislative body, and all proceeds resulting from such sales shall belong to and be paid into the guaranty fund.

Sec. 14. Section 3, chapter 151, Laws of 1923 as last amended by section 58, chapter 56, Laws of 1970 ex. sess. and RCW 39.44.030 are each amended to read as follows:

Before any general obligation bonds issued by any county, city, town, school district, port district, or metropolitan park district shall be offered for sale the governing body issuing such bonds shall designate the maximum effective rate of interest said bonds shall bear, which shall not be in excess of that allowed by law. Except as provided in section 94, chapter 232, Laws of 1969 ex. sess., (~~and section 107 of this amendatory act~~) when a vote of the electors shall have been taken on the question of the issuance of such bonds and the proposition submitted to the electors shall have specified the maximum effective rate of interest to be borne by said bonds, no increase of such maximum effective rate of interest shall be made by the governing body. All such bonds, including refunding bonds, shall be sold at public sale,

and a notice calling for bids for the purchase of said bonds shall be published once a week for ~~((four))~~ two consecutive weeks in the official newspaper of the issuer, and such other notice shall be given as the governing body may direct; or, if there be no official newspaper of the issuer, the publication shall be made in a newspaper of general circulation in the county in which the issuer is located. Such notice shall specify a place, and designate a day and hour, subsequent to the date of the last publication and at least ~~((twenty-three))~~ ten days subsequent to the date of the first publication thereof when sealed bids will be received and publicly opened for the purchase of said bonds. ~~((A copy of such notice shall, at least three weeks prior to the date fixed for the sale, be mailed to the state finance committee, Olympia, Washington.))~~ The notice shall specify the maturity schedule and the maximum effective rate of interest such bonds shall bear, and shall require bidders to submit a bid specifying (1) the lowest rate or rates of interest and premium, if any, above par, at which such bidder will purchase said bonds; or (2) the lowest rate or rates of interest at which the bidder will purchase said bonds at par. The bonds shall be sold to the bidder offering to purchase the same at the lowest net interest cost to the issuer over the life thereof, subject to the right of the governing body to reject any and all bids. None of such bonds shall be sold at less than par and accrued interest, nor shall any discount or commission be allowed or paid to the purchaser or purchasers of such bonds. All bids shall be sealed and, except the bid of the state of Washington, if one is received, shall be accompanied by a good faith deposit of five percent, either in cash or by cashier's or certified check made payable to the treasurer of the issuer, of the amount of the principal par value of such bonds which shall be promptly returned if the bid is not accepted; and if the successful bidder shall fail or neglect to complete the purchase of said bonds by the time specified in the notice of sale for the delivery of said bonds, the amount of his deposit shall be forfeited to the issuer, and in that event the governing body may accept the bid of the one making the next best bid if such bidder agrees to purchase said bonds under the terms provided in his bid, or if all bids be rejected such governing body, if it decides to reoffer such bonds for sale, shall readvertise said bonds for sale in the same manner as herein provided for the original advertisement. If there be two or more equal bids and such bids are the best bids received, the governing body shall determine by lot which bid will be accepted.

Sec. 15. Section 3, chapter 80, Laws of 1899 as amended by section 1, chapter 88, Laws of 1971 ex. sess. and RCW 39.56.010 are each amended to read as follows:

All state warrants shall bear interest at a rate ~~((not greater than eight percent per annum unless a less rate be))~~ specified therein, and shall be paid by the treasurer in the order of their registration and shall cease to draw interest at the expiration of five days from and after the date of the first publication of any call made by the treasurer for the payment of warrants.

Sec. 16. Section 5, chapter 80, Laws of 1899 and RCW 39.56.030 are each amended to read as follows:

It shall be the duty of every public officer issuing public warrants to make monthly investigation to ascertain the market value of the current warrants issued by him, and he shall, so far as practicable, fix the rate of interest (~~((not in any event, however, exceeding the maximum rate hereinbefore established therefor)))~~) on the warrants issued by him during the ensuing month so that the par value shall be the market value thereof.

Sec. 17. Section 4, chapter 7, Laws of 1941 and RCW 53.43.040 are each amended to read as follows:

Such funding or refunding bonds shall bear interest at a rate (~~(not in excess of five percent per annum as may be)~~) fixed by the board after the sale of said bonds, or, in the event of the issuance thereof by exchange, prior to such exchange; and the form of said bonds and interest coupons which shall be attached thereto, their execution, and said bonds in all other respects, shall be as permitted by law and as provided by resolution of said board. Funding or refunding bonds may be issued by way of sale, or by exchange of such funding or refunding bonds for the warrants, bonds, or other instruments evidencing the indebtedness thus to be funded or refunded: PROVIDED, That such funding or refunding bonds thus issued after sale thereof, or by exchange thereof, shall not exceed, in principal amount, the principal and interest of the indebtedness thereby funded or refunded, and the funding or refunding bonds shall bear a lower rate of interest than the rate of interest borne by the indebtedness funded or refunded thereby (~~(and not in excess of five percent per annum)~~).

Sec. 18. Section 9, chapter 390, Laws of 1955 as amended by section 60, chapter 195, Laws of 1973 1st ex. sess. and RCW 54.16.080 are each amended to read as follows:

A district may raise revenue by the levy of an annual tax on all taxable property within the district, not exceeding forty-five cents per thousand dollars of assessed value in any one year, exclusive of interest and redemption for general obligation bonds. The commission shall prepare a proposed budget of the contemplated financial transactions for the ensuing year and file it in its records, on or before the first Monday in September. Notice of the filing of the proposed budget and the date and place of hearing thereon shall be published for at least two consecutive weeks in a newspaper printed and of general circulation in the county. On the first Monday in October, the commission shall hold a public hearing on the proposed budget at which any taxpayer may appear and be heard against the whole or any part thereof. Upon the conclusion of the hearing, the commission shall, by resolution, adopt the budget as finally determined, and fix the final amount of expenditures for the ensuing year. Taxes levied by the commission shall be certified to and collected by the proper officer of the county in which the district is located in the same manner as provided for the certification and

collection of port district taxes. The commission may, prior to the receipt of taxes raised by levy, borrow money or issue warrants of the district in anticipation of the revenue to be derived from the levy or taxes for district purposes, and the warrants shall be redeemed from the first money available from such taxes. The warrants shall not exceed the anticipated revenue of one year, and shall bear interest at a rate (~~(of not to exceed six percent per annum)~~) determined by the commission.

Sec. 19. Section 3, chapter 150, Laws of 1957 and RCW 54.24.220 are each amended to read as follows:

When a coupon, bond and/or warrant guaranteed hereby matures and there are not sufficient funds in the local utility district bond redemption fund to pay it, the county treasurer shall pay it from the local improvement guaranty fund of the public utility district; if there are not sufficient funds in the guaranty fund to pay it, it may be paid by issuance and delivery of a warrant upon the local improvement guaranty fund.

When the cash balance in the local improvement guaranty fund is insufficient for the required purposes, warrants drawing interest at a rate (~~((not to exceed seven percent per year))~~) determined by the commission may be issued by the district auditor, against the fund to meet any liability accrued against it and shall issue them upon demand of the holders of any matured coupons, bonds and/or warrants guaranteed hereby, or to pay for any certificate of delinquency for delinquent installments of assessments as provided hereinafter. Guaranty fund warrants shall be a first lien in their order of issuance upon the guaranty fund.

Sec. 20. Section 1, chapter 82, Laws of 1935 as amended by section 1, chapter 102, Laws of 1937 and RCW 57.20.030 are each amended to read as follows:

Every water district in the state is hereby authorized to create a fund for the purpose of guaranteeing, to the extent of such fund, and in the manner hereinafter provided, the payment of all of its local improvement bonds issued, subsequent to the effective date of this act, to pay for any local improvement within its confines. Such fund shall be designated "Local Improvement Guaranty Fund, Water District No.," and shall be established by resolution of the board of water commissioners. For the purpose of maintaining such fund, every water district, after the establishment thereof, shall at all times set aside and pay into such a fund such proportion of the monthly gross revenues of the water supply system of such water district as the commissioners thereof may direct by resolution. This proportion may be varied from time to time as the commissioners deem expedient or necessary: PROVIDED, HOWEVER, That under the existence of the conditions set forth in subsections (1) and (2) next hereunder, then the proportion must be as therein specified, to wit:

(1) Whenever any bonds of any local improvement district have been guaranteed under this act and the guaranty fund does not have a cash balance equal to twenty percent of all bonds originally guaranteed under this act, (excluding issues which have been retired in full) then twenty percent of the gross monthly revenues derived from all water users in the territory included in said local improvement district (but not necessarily from users in other parts of the water district as a whole) shall be set aside and paid into the guaranty fund: PROVIDED, HOWEVER, That whenever, under the requirements of this subsection, said cash balance accumulates so that it is equal to twenty percent of all bonds guaranteed, or to the full amount of all bonds guaranteed, outstanding and unpaid (which amount might be less than twenty percent of the original total guaranteed), then no further monies need be set aside and paid into said guaranty fund so long as said condition shall continue.

(2) Whenever any warrants issued against the guaranty fund, as hereinbelow provided, remain outstanding and uncalled for lack of funds for six months from date of issuance thereof; or whenever any coupons or bonds guaranteed under this act have been matured for six months and have not been redeemed either in cash or by issuance and delivery of warrants upon the guaranty fund, then twenty percent of the gross monthly revenues (or such portion thereof as the commissioners of the water district determine will be sufficient to retire said warrants or redeem said coupons or bonds in the ensuing six months) derived from all water users in the water district shall be set aside and paid into the guaranty fund: PROVIDED, HOWEVER, That whenever under the requirements of this subsection all warrants, coupons, or bonds specified in this subsection above have been redeemed, no further income need be set aside and paid into said guaranty fund under the requirements of this subsection until and unless other warrants remain outstanding and unpaid for six months or other coupons or bonds default.

(3) For the purpose of complying with the requirements of setting aside and paying into the local improvement guaranty fund a proportion of the monthly gross revenues of the water supply system of any water district, as hereinabove provided, said water district shall bind and obligate itself to maintain and operate said system and further bind and obligate itself to establish, maintain and collect such rates for water as will produce gross revenues sufficient to maintain and operate said water supply system and to make necessary provision for the local improvement guaranty fund as specified by this ((~~amendment {1937 c 102}~~)) section and RCW 57.20.080 and 57.20.090. And said water district shall alter its rates for water from time to time and shall vary the same in different portions of its territory to comply with the said requirements.

(4) Whenever any coupon or bond guaranteed by this act shall mature and there shall not be sufficient funds in the appropriate local improvement district bond redemption fund to pay same, then the county treasurer shall

pay same from the local improvement guaranty fund of the water district; if there shall not be sufficient funds in the said guaranty fund to pay same, then the same may be paid by issuance and delivery of a warrant upon the local improvement guaranty fund.

(5) Whenever the cash balance in the local improvement guaranty fund is insufficient for the required purposes, warrants drawing interest at a rate ~~((not to exceed seven percent per annum))~~ determined by the commissioners may be issued by the county auditor of the county in which the water district is located, against the said fund to meet any liability accrued against it and must be issued upon demand of the holders of any maturing coupons and/or bonds guaranteed by this act, or to pay for any certificates of delinquency for delinquent installments of assessments as provided in subsection (6) hereunder. Guaranty fund warrants shall be a first lien in their order of issuance upon the gross revenues set aside and paid into said fund.

(6) Within twenty days after the date of delinquency of any annual installment of assessments levied for the purpose of paying the local improvement bonds of any water district guaranteed under the provisions of this act, it shall be mandatory for the county treasurer of the county in which said water district is located to compile a statement of all installments delinquent, together with the amount of accrued interest and penalty appurtenant to each of said installments. Thereupon the county treasurer shall forthwith purchase (for the water district) certificates of delinquency for all such delinquent installments. Payment for all such certificates of delinquency shall be made from the local improvement guaranty fund and if there shall not be sufficient moneys in said fund to pay for such certificates of delinquency, the county treasurer shall accept said local improvement guaranty fund warrants in payment therefor. All such certificates of delinquency shall be issued in the name of the local improvement guaranty fund and all guaranty fund warrants issued in payment therefor shall be issued in the name of the appropriate local improvement district fund. Whenever any market is available and the commissioners of the water district so direct, the county treasurer shall sell any certificates of delinquency belonging to the local improvement guaranty fund: PROVIDED, That any such sale must not be for less than face value thereof plus accrued interest from date of issuance to date of sale.

Such certificates of delinquency, as above provided, shall be issued by the county treasurer of the county in which the water district is located, shall bear interest at the rate of ten percent per annum, shall be in each instance for the face value of the delinquent installment, plus accrued interest to date of issuance of certificate of delinquency, plus a penalty of five percent of such face value, and shall set forth:

- (a) Description of property assessed;
- (b) Date installment of assessment became delinquent;
- (c) Name of owner or reputed owner, if known.

Such certificates of delinquency may be redeemed by the owner of the property assessed at any time up to two years from the date of foreclosure of such certificate of delinquency.

If any such certificate of delinquency be not redeemed on the second occurring first day of January subsequent to its issuance, the county treasurer shall then proceed to foreclose such certificate of delinquency in the manner specified for the foreclosure of the lien of local improvement assessments, pursuant to chapter 9 of the Session Laws of 1933 and amendments thereto; and if no redemption be made within the succeeding two years shall execute and deliver a deed conveying fee simple title to the property described in the foreclosed certificate of delinquency.

Sec. 21. Section 2, chapter 69, Laws of 1925 ex. sess. and RCW 85.05-.520 are each amended to read as follows:

Said bonds shall be numbered from one upwards consecutively and shall be in denominations of not less than one hundred dollars nor more than one thousand dollars. They shall bear the date of issue and an interest rate (~~not exceeding seven percent~~) determined by the commission, payable annually or semiannually, as the commissioners shall direct, with coupons attached for each interest payment, and shall be made payable to bearer. Said bonds and coupons shall be signed by the chairman of the board and attested by the secretary, and the seal of such district shall be affixed to each bond, but not to said coupons. Bonds shall be paid in the order of their numbers, and each bond shall specify its due date.

Sec. 22. Section 1, chapter 174, Laws of 1927 and RCW 85.06.324 are each amended to read as follows:

The whole or any part of a refunding assessment so levied upon any tract of land may be paid without interest at any time within thirty days after the date of the levy. Every such assessment or part thereof not so paid, plus the amount of unpaid prior levies on the same land with interest to the date of the refunding levy, shall thereafter be payable in equal annual installments, either ten or fifteen according as the refunding bonds are to run twelve or seventeen years, with interest on unpaid balances at (~~the~~) a rate (~~of seven percent per annum~~) determined by the board of drainage commissioners from the date of the levy. The first installment shall include interest on the whole unpaid amount from the date of the levy to the thirty-first day of May of the next year, and each subsequent installment shall include interest for another year on the last deferred balance. The first installment shall become due with the general taxes for the year in which the levy was made, and the other installments annually thereafter: PROVIDED, That the unpaid amount or balance against any tract of land, with interest thereon to the next interest payment date of the refunding bonds which is not less than thirty days off, may be paid at any time. Installments shall be collected with and as if a part of the general taxes falling due at the same time, but no rebate shall be allowed for early payment.

Sec. 23. Section 23, chapter 176, Laws of 1913 as amended by section 28, chapter 130, Laws of 1917 and RCW 85.08.320 are each amended to read as follows:

The compensation of the board of supervisors, superintendent of construction, the board of appraisers hereinafter provided for, and any special engineer, attorney or agent employed by the (~~board of county commissioners~~) county legislative authority in connection with the improvement, the maximum wages to be paid, and the maximum price of materials to be used, shall be fixed by the (~~board of county commissioners~~) county legislative authority. Each (~~county commissioner~~) member of the county legislative authority, except in counties of the first class, shall receive pay at the rate of four dollars per day for the number of days he is engaged in the performance of any duty under this chapter, which sum shall be additional to his salary in case he receive an annual salary; and none of the statutory provisions limiting the number of days that a (~~county commissioner~~) member of the county legislative authority shall draw pay for or limiting the number of sessions for attendance upon which he shall be entitled to mileage shall apply to any proceedings under this chapter. All officers and members of boards performing duties under this chapter shall receive in addition to their fees or salaries their actual necessary expenses incurred in the performance of their duties hereinunder. All costs of construction or maintenance done under the direction of the board of supervisors shall be paid upon vouchers or payrolls verified by two of the said supervisors. All costs of construction and all other expenses, fees and charges on account of such improvement shall be paid by warrants drawn by the county auditor upon the county treasurer upon the proper fund, and shall draw interest at (~~such rate not to exceed eight percent per annum as the board of county commissioners shall fix;~~) a rate determined by the county legislative authority until paid or called by the county treasurer as warrants of the county are called.

If at the hearing provided for in RCW 85.08.160 the county (~~commissioners~~) legislative authority shall determine that bonds shall be issued to pay the costs of the improvement or warrants sold to procure funds with which to pay such cost, as therein provided, temporary warrants may be issued for any part or all of such costs, expenses, fees, and charges, and shall be paid in cash upon the issuance and sale of such bonds, or shall be exchanged for an equal amount par value of such bonds. All such temporary warrants shall recite that they are temporary warrants and that they draw interest until called to be paid in cash or to be exchanged for bonds. All warrants issued under the provisions of this chapter and sold by the (~~commissioners~~) county legislative authority, or issued to any contractor and by him sold or hypothecated for a valuable consideration, shall be claims and liens against the fund against which they are drawn, prior and superior to

any right, lien or claim of any surety upon any bond or bonds given to secure the performance of the contract or to secure the payment of persons who have performed work thereon, furnished materials therefor or provisions and supplies for the carrying on of the work.

Sec. 24. Section 30, chapter 176, Laws of 1913 as last amended by section 9, chapter 46, Laws of 1923 and RCW 85.08.430 are each amended to read as follows:

After the expiration of said thirty-day period, payment of assessments in full, with interest to the next coupon date which is more than thirty days from the date of such payment, may be made at any time; PROVIDED, That the aggregate amount of such advance payments in any year, together with the total amount of the assessments due at the beginning of said year, shall not exceed the total amount of the bonds which may be called in that year according to the applicable bond redemption schedule. The treasurer shall accept payments of assessments in advance, in the order tendered, until the limit herein set forth has been reached.

The assessments contained in the assessment roll shall bear interest from the expiration of the thirty-day period at ~~((the))~~ a rate ~~((of eight percent per annum))~~ determined by the county legislative authority and interest upon the entire assessment then unpaid shall be due and payable at the time each of said installments becomes due and payable as a part thereof(~~(: PROVIDED, That if the bonds or warrants be sold at a lower rate of interest than eight percent then said assessments shall bear interest at the same rate borne by such bonds or warrants))~~).

The assessments contained in said assessment roll shall be liens upon the property assessed, such lien shall be of equal rank with other liens assessed against the property for local improvements and paramount to all other liens except the lien of general taxes, and shall relate back to and take effect as of the date when the ~~((board of county commissioners))~~ county legislative authority determined to proceed with the construction of the improvement as provided in RCW 85.08.220.

Sec. 25. Section 17, chapter 26, Laws of 1949 and RCW 85.16.220 are each amended to read as follows:

The provisions of RCW 85.08.280, 85.08.310, 85.08.320, 85.08.420, 85.08.430, and 85.08.480 through 85.08.520, shall be deemed and hereby are made a part of this chapter insofar as they may be applicable hereto, except that the unpaid assessments or installments thereof, which may have been levied for extraordinary maintenance costs as provided in RCW 85.16.170, shall bear interest at ~~((the))~~ a rate ~~((of six percent per annum: PROVIDED HOWEVER, That when the bonds or warrants which shall have been issued to meet such extraordinary costs shall bear an interest rate of less than six percent per annum, then the rate of interest on such unpaid assessments or installments thereof shall be reduced on and from the first day of January next following the date of issuance of said bonds or warrants to the rate~~

of interest on said bonds or warrants)) determined by the county legislative authority.

Sec. 26. Section 5, chapter 225, Laws of 1909 as amended by section 4, chapter 140, Laws of 1923 and RCW 85.24.070 are each amended to read as follows:

The members of such board, before entering upon their duties, shall take and subscribe on oath substantially as follows:

State of Washington,	} ss.
County of	

I, the undersigned, a member of the board of commissioners of the diking and drainage district No., in and counties, do solemnly swear (or affirm) that I will well and truly discharge my duties as a member of said commission.

The members shall also, before entering upon their duties, give a bond to the state of Washington for the benefit of such diking and drainage district, for the faithful performance of their duties as such board of commissioners, in the penal sum of five thousand dollars with a company or corporation as surety, authorized to make and execute official bonds under the laws of the state, the district to bear the expense of such bond; and upon the oath and bond being filed with the commissioner of public lands, that officer shall enter an order upon his records that the three persons named as aforesaid have qualified as the board of commissioners for diking and drainage district No., in and counties, and that said persons and their successors do and shall constitute a board of commissioners for the aforesaid diking and drainage district; which order when made shall be conclusive of the regularity of the election and qualification of the board of diking and drainage commissioners for the particular district, and the persons named therein shall constitute such board of diking and drainage commissioners.

The said board of diking and drainage commissioners shall thereupon immediately organize and elect one of their number as chairman and another as secretary. The said board shall then proceed to make and cause to be made specifications and details of a system which may be adopted by the board for the improvements to be made, together with an estimate of the total cost thereof; and shall, upon the adoption of a plan of improvement of the district as aforesaid, proceed to acquire the necessary property and property rights for the construction, establishment and maintenance of said system either by purchase or by power of eminent domain as hereinafter provided. Upon such acquisition being had, the board shall then proceed with the construction of said diking and drainage system and in doing so shall have the power to do the work directly or in its discretion to have all or any part of said work done by contract. In case the board shall decide

upon doing the same by contract, it shall advertise for bids for said construction work, or such part thereof as they may determine to have done by contract, and shall have the authority to let a contract to the lowest responsible bidder after advertising for bids.

Any contractor doing work hereunder shall be required to furnish a bond as provided by the laws of the state of Washington relating to contractors of public work.

The board shall have the right, power and authority to issue vouchers or warrants in payment or evidence of payment of any and all expenses incurred under the provisions of this chapter, and shall have the power to issue the same to any contractor as the work progresses, the same to be based upon the partial estimates furnished from time to time by engineers of said district. All warrants issued hereunder shall draw interest at a rate (~~not to exceed eight percent per annum~~) determined by the board.

Upon the completion of the construction of said system, and ascertainment of the total cost thereof including all compensation and damages and costs and expenses incident to the acquiring of the necessary property and property right, the board shall then proceed to levy an assessment upon the taxable real property within the said district which the board may find to be specially benefited by the proposed improvements; and shall make and levy such assessment upon each piece, lot, parcel and separate tract of real estate in proportion to the particular and special benefits thereto. Upon determining the amount of the assessment against each particular tract of real estate as aforesaid, the commissioners shall make or cause to be made an assessment roll, in which shall appear the names of the owners of the property assessed, so far as known, and a general description of each lot, block, parcel or tract of land within such district, and the amount assessed against the same, as separate, special or particular benefits. The board shall thereupon make an order setting and fixing a day for hearing any objections to the assessment roll by any one affected thereby, which day shall be at least twenty days after the mailing of notices thereof, postage prepaid, as herein provided. The board shall send or cause to be sent by mail to each owner of the premises assessed, whose name and place of residence is known, a notice, substantially in the following form, to wit:

To: Your property (here describe the property) is assessed \$. A hearing on the assessment roll will be had before the undersigned at the office of the said board at on the day of at which time you are notified to be and appear and to make any and all objections which you may have as to the amount of the assessment against your property, or as to whether it should be assessed at all; and to make any and all objections which you may have to the said assessment against your lands, or any part or portion thereof.

The failure to send or cause to be sent such notice shall not be fatal to the proceedings herein described. The secretary of the board on the mailing

of said notices shall certify generally that he has mailed such notices to the known address of all owners, and such certificate shall be prima facie evidence of the mailing of all such notices at the date mentioned in the certificate.

The board shall cause at least ten days' notice of the hearing to be given by posting notice in at least ten public places within the boundaries of the district, and by publishing the same at least five successive times in a daily newspaper published in each of the counties affected; and for at least two successive weeks in one or more weekly newspapers within the boundaries of said district, in each county if there be such newspapers published therein, and if there be no such newspaper published, then in one or more weekly newspapers, having a circulation in the district, for two successive weeks, which notice shall be signed by the chairman or secretary of the said board of commissioners, and shall state the date and place of hearing of objections to the assessment roll and levy, and of all other objections; and that all interested parties will be heard as to any objection to said assessment roll and the levies as therein made.

Sec. 27. Section 16, chapter 225, Laws of 1909 as amended by section 5, chapter 140, Laws of 1923 and RCW 85.24.230 are each amended to read as follows:

Any such district by and through its board of commissioners, may, by resolution of such board, cause to be issued in the name of the district, bonds for the whole cost of the improvement, less such amounts as shall have been paid within the thirty days provided for redemption, as herein specified. Such bonds shall be called Local Improvement Bonds, Diking and Drainage District No. in and counties, state of Washington, and shall be payable in not more than ten years after date, and shall be subject to annual call by the board, in such manner and amount as there may be cash on hand to pay, in the respective local improvement fund, from which such bonds are payable, interest to be paid at the office of the treasurer of the fund.

The board shall have the right to fix the beginning of the maturity of said bonds at not later than five years from date thereof. Said bonds shall bear interest at a rate (~~(not exceeding eight percent per annum)~~) determined by the board, and shall be in such denominations as the board may determine, and shall be sold at not less than par and accrued interest, or said bonds may be exchanged at not less than par and accrued interest for outstanding warrants. All warrants and bonds provided for in this chapter shall be retired in their numerical order. In making sale of said bonds the board shall advertise the same for sale to the highest bidder, upon such notice as it may determine. Any bonds issued hereunder shall be subject to annual call by the treasurer of the board at the expiration of any year before maturity, in such manner and amounts as there may be cash on hand with which to pay the same in the said fund from which the same may be

payable. Such call for payment shall be made by publishing notice of such call in a newspaper in each county in which said district is situated for three consecutive issues beginning not more than twenty days before the expiration of any year from the date of such bond, and interest on said bonds shall cease at the date named in such call.

Said bonds shall have attached thereto interest coupons representing the annual or semiannual interest for the term of said bond.

The bonds and interest coupons shall be signed by the chairman and secretary of said board, provided that the interest coupons may be executed by a facsimile of said signatures in lieu thereof.

It shall be the duty of the board to keep a register of all such bonds.

Sec. 28. Section 41, page 692, Laws of 1889-90 as last amended by section 24, chapter 129, Laws of 1921 and RCW 87.03.470 are each amended to read as follows:

The board of directors may, at any time when in their judgment it may be advisable, call a special election and submit to the qualified electors of the district the question whether or not a special assessment shall be levied for the purpose of raising money to be applied to any of the purposes provided in this chapter including any purpose for which the bonds of the district or the proceeds thereof might be lawfully used. Such election must be called upon the notice prescribed, and the same shall be held and the result thereof determined and declared in all respects in conformity with the provisions of RCW 87.03.200. The notice must specify the amount of money proposed to be raised and the purpose for which it is intended to be used and the number of installments in which it is to be paid. At such election the ballot shall contain the words "Assessment Yes" and "Assessment No." If the majority of the votes cast are "Assessment Yes" the board may immediately or at intervals thereafter incur indebtedness to the amount of said special assessment for any of the purposes for which the proceeds of said assessment may be used, and may provide for the payment of said indebtedness by the issue and sale of coupon notes of the district to an amount equal to said authorized indebtedness, which coupon notes shall be payable in such equal installments not exceeding three in number as the board shall direct. Said coupon notes shall be payable by assessments levied at the time of the regular annual levy each year thereafter until fully paid. The amount of the assessments to be levied shall be ascertained by adding fifteen percent for anticipated delinquencies to the whole amount of the indebtedness incurred and interest. Each assessment so levied shall be computed and entered on the assessment roll by the secretary of the board, and collected at the same time and in the same manner as other assessments provided for herein, and when collected shall be paid to the county treasurer of the county to the credit of said district, for the purposes specified in the notice of such special election: **PROVIDED, HOWEVER,** That the board of directors may at their discretion issue said coupon notes in payment for labor

or material, or both, used in connection with the purposes for which such indebtedness was authorized. Coupon notes issued under this section shall bear interest at a rate (~~((not to exceed eight percent per annum))~~) determined by the board, payable semiannually.

Sec. 29. Section 42, page 693, Laws of 1889-90 as last amended by section 1, chapter 108, Laws of 1953 and RCW 87.03.475 are each amended to read as follows:

The board shall incur no debt or liability in excess of the express provisions of this title. It may without an election and levy therefor pay the necessary costs and expenses of organizing and may make surveys, do engineering work, and conduct a general investigation to determine the feasibility of the proposed irrigation project, and may incur an indebtedness therefor prior to levy, which indebtedness on account of surveys, engineering and investigations shall not exceed fifty cents an acre, and shall be assessable against the lands within the district. In cases of emergency, making it necessary to incur indebtedness in order to continue the operation of the irrigation system or any part thereof, the board by resolution may incur such indebtedness not exceeding the amount actually necessary to meet the requirements of the emergency. It may incur indebtedness necessary to carry on the ordinary administrative affairs of the district and if the district acquires an irrigation system before making its first regular annual levy, the board may incur such indebtedness necessary to pay the ordinary expenses of operation and maintenance until the regular annual levy is made.

The board may issue warrants for the payment of any indebtedness incurred under this section, which shall bear interest (~~((not to exceed eight percent per year))~~) at a rate determined by the board, and it shall include in its next annual levy for the payment of the expenses of operation and maintenance; the amount of all warrants issued by virtue hereof.

The board may issue as a general obligation of the district coupon warrants in denominations not in excess of five hundred dollars, bearing interest evidenced by coupons payable semiannually (~~((not to exceed eight percent per year))~~) at a rate determined by the board. Such warrants shall mature in not more than five years and may be used, or the proceeds thereof, in the purchase of grounds and buildings, machinery, vehicles, tools or other equipment for use in operation, maintenance, betterment, reconstruction or local improvement work, and for creating a revolving fund for carrying on such work as in this title provided. The proceeds of the warrants shall be paid to the district treasurer who shall place them in an appropriate fund and pay them out upon warrants of the district. The maximum indebtedness hereby authorized shall not exceed one dollar per acre of the total irrigable area within the district. No warrant shall be sold for less than par. They shall state on their face that they are a general obligation of the district, the purposes for which they are used, and that they are payable on or before

maturity. They shall be retired by assessments levied in accordance with the provisions of this title at the time other assessments are levied.

The board may accumulate by assessment a fund to be designated as the "capital fund" to be used for the purposes for which the above warrants may be used. The total of such fund shall not exceed one dollar per acre of the total irrigable area in the district and shall be accumulated in not less than five annual installments. The fund shall not be permanently depleted or reduced but shall be replaced from year to year by assessments on any lands of the district benefited by the use thereof. The reasonable value of all grounds, buildings, machinery, vehicles, tools or other equipment on hand, purchased with such fund, and the revolving fund, if any, derived from such fund, shall be a part of the capital fund.

Sec. 30. Section 12, chapter 162, Laws of 1917 as last amended by section 2, chapter 119, Laws of 1977 ex. sess. and RCW 87.03.490 are each amended to read as follows:

If decision shall be rendered in favor of the improvement, the board shall enter an order establishing the boundaries of the said improvement district and shall adopt plans for the proposed improvement and determine the number of annual installments not exceeding fifty in which the cost of said improvement shall be paid. The cost of said improvement shall be provided for by the issuance of local improvement district coupon bonds of the district from time to time, therefor, either directly for the payment of the labor and material or for the securing of funds for such purpose, or by the irrigation district entering into a contract with the United States or the state of Washington, or both, to repay the cost of said improvement. Said bonds shall bear interest at a rate (~~not to exceed eight percent per annum~~) determined by the board, payable semiannually, evidenced by coupons, and shall state upon their face that they are issued as bonds of the irrigation district; that all lands within said local improvement district shall be primarily liable to assessment for the principal and interest of said bonds and that said bonds are also a general obligation of the said district. The bonds may be in such denominations as the board of directors may in its discretion determine, except that bonds other than bond number one of any issue shall be in a denomination that is a multiple of one hundred dollars, and no bond shall be sold for less than par. Any contract entered into for said local improvement by the district with the United States or the state of Washington, or both although all the lands within said local improvement district shall be primarily liable to assessment for the principal and interest thereon, shall be a general obligation of the irrigation district.

No election shall be necessary to authorize the issuance of such local improvement bonds or the entering into of such a contract. Such bonds, when issued, shall be signed by the president and secretary of the irrigation district with the seal of said district affixed and shall be registered by the

treasurer of the irrigation district with his seal affixed. The printed, engraved, or lithographed facsimile signatures of the president and secretary of the district's board of directors shall be sufficient signatures on the bonds or coupons: **PROVIDED**, That such facsimile signatures on the bonds may be used only after the filing, by the officer whose facsimile signature is to be used, with the secretary of state of his manual signature certified by him under oath, whereupon that officer's facsimile signature has the same legal effect as his manual signature: **PROVIDED, FURTHER**, That either the president of the board of directors' or the secretary's signature on the bonds shall be manually subscribed: **AND PROVIDED FURTHER**, That whenever such facsimile reproduction of the signature of any officer is used in place of the manual signature of such officer, the district's board of directors shall specify in a written order or requisition to the printer, engraver, or lithographer the number of bonds or coupons upon which such facsimile signature is to be printed, engraved, or lithographed and the manner of numbering the bonds or coupons upon which such signature shall be placed. Within ninety days after the completion of the printing, engraving, or lithographing of such bonds or coupons, the plate or plates used for the purpose of affixing the facsimile signature shall be destroyed, and it shall be the duty of the district's board of directors, within ninety days after receipt of the completed bonds or coupons, to ascertain that such plate or plates have been destroyed. Every printer, engraver, or lithographer who, with the intent to defraud, prints, engraves, or lithographs a facsimile signature upon any bond or coupon without written order of the district's board of directors, or fails to destroy such plate or plates containing the facsimile signature upon direction of such issuing authority, shall be guilty of felony.

The proceeds from the sale of such bonds shall be deposited with the treasurer of the district, who shall place them in a special fund designated "Construction fund of local improvement district number _____."

Whenever such improvement district has been organized, the boundaries thereof may be enlarged to include other lands which can be served or will be benefited by the proposed improvement upon petition of the owners thereof and the consent of the United States or the state of Washington, or both, in the event the irrigation district has contracted with the United States or the state of Washington, or both, to repay the cost of the improvement: **PROVIDED**, That at such time the lands so included shall pay their equitable proportion upon the basis of benefits of the improvement theretofore made by the said local improvement district and shall be liable for the indebtedness of the said local improvement district in the same proportion and same manner and subject to assessment as if said lands had been incorporated in said improvement district at the beginning of its organization.

Sec. 31. Section 2, chapter 128, Laws of 1935 as amended by section 6, chapter 70, Laws of 1970 ex. sess. and RCW 87.03.510 are each amended to read as follows:

There is hereby established for each irrigation district in this state having local improvement districts therein a fund for the purpose of guaranteeing to the extent of such fund and in the manner herein provided, the payment of its local improvement bonds and warrants issued or contract entered into to pay for the improvements provided for in this act. Such fund shall be designated "local improvement guarantee fund" and for the purpose of maintaining the same, every irrigation district shall hereafter levy from time to time, as other assessments are levied, such sums as may be necessary to meet the financial requirements thereof: PROVIDED, That such sums so assessed in any year shall not be more than sufficient to pay the outstanding warrants or contract indebtedness on said fund and to establish therein a balance which shall not exceed five percent of the outstanding obligations thereby guaranteed. Whenever any bond or interest coupon or contract payment of any local improvement district shall become due and there is insufficient funds in the local improvement district fund for the payment thereof, there shall be paid from said local improvement district guarantee fund, by warrant or by such other means as is called for in the contract, a sufficient amount, which together with the balance in the local improvement district fund shall be sufficient to redeem and pay said bond or coupon or contract payment in full. Said warrants against said guarantee fund shall draw interest at a rate (~~(not to exceed six percent)~~) determined by the board and said bonds and coupons shall be paid in their order of presentation. Whenever there shall be paid out of the guarantee fund any sum on account of principal or interest of a local improvement bond or warrant or contract the irrigation district, as trustee for the fund, shall be subrogated to all of the rights of the holder of the bond or interest coupon or contract amount so paid, and the proceeds thereof, or of the assessment underlying the same shall become part of the guarantee fund. There shall also be paid into such guarantee fund any interest received from bank deposits of the fund, as well as any surplus remaining in any local improvement district fund, after the payment of all of its outstanding bonds or warrants or contract indebtedness which are payable primarily out of such local improvement district fund.

Sec. 32. Section 4, chapter 34, Laws of 1925 ex. sess. and RCW 87.48-.040 are each amended to read as follows:

When the state of Washington shall be required to make any payment or expend any money in the performance of any such contract entered into with the United States, an estimate of the amount of expenses likely to be incurred in such performance, together with an estimate of future losses or damages that may occur under such contract shall be made by the director of conservation and development, who shall thereupon return a statement

thereof to such district, and the board of directors of such district shall from time to time as required by the director of conservation and development levy against all the property within said district such assessments as may be necessary to repay to the state of Washington such estimated expenses, losses and damages. PROVIDED, If such district has no money in the "The Indemnity Fund" to repay such expenses when the same shall be incurred or to pay such losses and damages as the same shall accrue it shall be the duty of the board of directors to cause warrants of the district to be issued in payment of such indebtedness, which warrants shall bear interest at ~~((the))~~ a rate ~~((of six percent per annum))~~ determined by the board and be paid from moneys paid into the indemnity fund by assessments levied as hereinbefore provided.

Sec. 33. Section 145, chapter 254, Laws of 1927 as amended by section 16, chapter 149, Laws of 1933 and RCW 89.30.433 are each amended to read as follows:

Said bonds shall mature in series amortized in a definite schedule during a period not to exceed sixty years from the date of their issuance, shall be in such denominations and form and shall be payable, with annual or semiannual interest ~~((not exceeding six percent at such place, as))~~ at a rate the board shall provide.

Sec. 34. Section 39, chapter 23, Laws of 1911 and RCW 91.08.410 are each amended to read as follows:

Immediately after the expiration of the time fixed by his notice for payment of assessments without interest, the treasurer shall divide the several assessments which remain unpaid in whole or in part into ten equal amounts or installments, as near as may be, without fractional cents, and enter said installments upon the roll opposite the several assessments, numbering the same from one to ten successively. And thereafter said treasurer shall annually for ten years, before the time fixed by law for the collection of state and county taxes, add one of the said assessment installments with interest for one year from the expiration of the time for payment without interest, or of the anniversary thereof, at ~~((the))~~ a rate ~~((of seven percent per annum))~~ determined by the board on the entire unpaid assessment, to the tax levied upon the property assessed, where said tax appears upon the county tax roll, and collect said installment and interest, without reduction of percentage for prepayment, at the same time and in the same manner as state and county taxes are collected. And after delinquency said installments and interest shall be subject to the same charges for increased interest and penalties as are other delinquent taxes. But no tax sale of lands assessed under this chapter shall discharge the same from the lien of any unpaid installments of the assessment against it until all installments and interest are fully paid.

Sec. 35. Section 41, chapter 23, Laws of 1911 and RCW 91.08.430 are each amended to read as follows:

The owner of any lands assessed under this chapter may at any time after the time fixed by the treasurer's notice for payment without interest, discharge his lands from the unpaid assessment by paying the principal of all installments unpaid with interest thereon at ~~((the))~~ a rate ~~((of seven percent per annum))~~ determined by the board to the next anniversary of the time fixed as aforesaid; or he may pay one or more installments, with like interest, beginning with installment number ten and continuing in the inverse numerical order of installments. The successor in title to any part of his lands may have the proportionate assessment segregated on the roll and charged to such part upon his producing to the treasurer his recorded deed to such part.

Sec. 36. Section 42, chapter 23, Laws of 1911 and RCW 91.08.440 are each amended to read as follows:

The last installment of any assessment paid shall include interest thereon at ~~((the))~~ a rate ~~((of seven percent per annum))~~ determined by the board to the actual date of payment.

NEW SECTION. Sec. 37. There is added to chapter 39.58 RCW a new section to read as follows:

Any municipal corporation is authorized to establish a line of credit with any qualified public depository to be drawn upon for cashing its warrants, to delegate to a fiscal officer authority to determine the amount of credit extended, and to pay interest and other finance or service charges. The interest rate may be a fixed rate set periodically or a fluctuating rate determined by agreement of the parties. If any warrant of a municipal corporation is presented and not paid for lack of funds, the interest rate set on unpaid warrants shall apply. Nothing in this section affects the priority for payment of warrants established by law.

Sec. 38. Section 43, chapter 23, Laws of 1911 and RCW 91.08.450 are each amended to read as follows:

Should any of the lands assessed under this chapter be taken for or dedicated to public use, for highway or any other public purpose, before the taking or dedication shall be complete or take effect there shall be paid to the county treasurer a sum equal to the principal of the unpaid assessment upon said land at its proportionate rate per square foot, with interest thereon for one year at ~~((seven percent))~~ a rate determined by the board; and the treasurer shall credit the principal sum paid to the unpaid installments upon the tract as originally assessed.

Passed the House April 23, 1981.

Passed the Senate April 22, 1981.

Approved by the Governor May 14, 1981.

Filed in Office of Secretary of State May 14, 1981.