

NEW SECTION. Sec. 27. Section 55, chapter 10, Laws of 1987 1st ex. sess. (uncodified) is repealed.

NEW SECTION. Sec. 28. Section 56, chapter 10, Laws of 1987 1st ex. sess. (uncodified) is repealed.

NEW SECTION. Sec. 29. 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. 30. This act is necessary for the immediate preservation of the public peace, health, and safety, the support of the state government and its existing public institutions, and shall take effect immediately.

Passed the House March 9, 1988.

Passed the Senate March 5, 1988.

Approved by the Governor March 24, 1988, with the exception of certain items which were vetoed.

Filed in Office of Secretary of State March 24, 1988.

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

"I am returning herewith, without my approval as to section 26, Engrossed Substitute House Bill No. 1701 entitled:

"AN ACT Relating to transportation appropriations."

This section creates a committee to study the state motor vehicle excise tax. The same provision was included in Substitute Senate Bill No. 6376, section 2, with the exception that the senate bill included an appropriate sunset date for the committee. I am vetoing this section in order to provide for clarity in the record and to avoid duplicative provisions in the statute.

With the exception of section 26, Engrossed Substitute House Bill No. 1701 is approved."

CHAPTER 284

[Engrossed Second Substitute Senate Bill No. 6235]

WATER POLLUTION CONTROL FACILITIES—CAPITALIZATION GRANTS— WATER POLLUTION CONTROL REVOLVING FUND, AUTHORIZED USE

AN ACT Relating to allowing the state of Washington to receive capitalization grants from the federal government for the state revolving loan fund for financing water pollution control facilities and activities; adding a new chapter to Title 90 RCW; making an appropriation; and declaring an emergency.

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

NEW SECTION. Sec. 1. The long-range health and environmental goals for the state of Washington require the protection of the state's surface and underground waters for the health, safety, use, enjoyment, and economic benefit of its people. It is the purpose of this chapter to provide an

account to receive federal capitalization grants to provide financial assistance to the state and to local governments for the planning, design, acquisition, construction, and improvement of water pollution control facilities and related activities in the achievement of state and federal water pollution control requirements for the protection of the state's waters.

NEW SECTION. Sec. 2. Unless the context clearly requires otherwise, the definitions in this section apply throughout this chapter.

(1) "Department" means the department of ecology.

(2) "Eligible cost" means the cost of that portion of a water pollution control facility or activity that can be financed under this chapter.

(3) "Fund" means the water-pollution control revolving fund in the custody of the state treasurer.

(4) "Water pollution control facility" or "water pollution control facilities" means any facilities or systems owned or operated by a public body for the control, collection, storage, treatment, disposal, or recycling of wastewater, including but not limited to sanitary sewage, storm water, combined sewer overflows, residential, commercial, industrial, and agricultural wastes, which are causing water quality degradation due to concentrations of conventional, nonconventional, or toxic pollutants. Water pollution control facilities include all equipment, utilities, structures, real property, and interests in and improvements on real property necessary for or incidental to such purpose. Water pollution control facilities also include such facilities, equipment, and collection systems as are necessary to protect federally designated sole source aquifers.

(5) "Water pollution control activities" means actions taken by a public body for the following purposes: (a) To control nonpoint sources of water pollution; (b) to develop and implement a comprehensive management plan for estuaries; and (c) to maintain or improve water quality through the use of water pollution control facilities or other means.

(6) "Public body" means the state of Washington or any agency, county, city or town, other political subdivision, municipal corporation or quasi-municipal corporation, and those Indian tribes now or hereafter recognized as such by the federal government.

(7) "Water pollution" means such contamination, or other alteration of the physical, chemical, or biological properties of any waters of the state, including change in temperature, taste, color, turbidity, or odor of the waters, or such discharge of any liquid, gaseous, solid, radioactive, or other substance into any waters of the state as will or is likely to create a nuisance or render such waters harmful, detrimental, or injurious to the public health, safety, or welfare, or to domestic, commercial, industrial, agricultural, recreational, or other legitimate beneficial uses, or to livestock, wild animals, birds, fish, or other aquatic life.

(8) "Nonpoint source water pollution" means pollution that enters any waters of the state from any dispersed water-based or land-use activities,

including, but not limited to, atmospheric deposition, surface water runoff from agricultural lands, urban areas, and forest lands, subsurface or underground sources, and discharges from boats or other marine vessels.

(9) "Federal capitalization grants" means grants from the federal government provided by the water quality act of 1987 (P.L. 100-4).

NEW SECTION. Sec. 3. (1) The water pollution control revolving fund is hereby established in the custody of the state treasurer. Moneys in this fund are not subject to legislative appropriation. Moneys in the fund may be spent only in a manner consistent with this chapter.

(2) The water pollution control revolving fund shall consist of:

(a) All capitalization grants provided by the federal government under the federal water quality act of 1987;

(b) All state matching funds appropriated or authorized by the legislature;

(c) Any other revenues derived from gifts or bequests pledged to the state for the purpose of providing financial assistance for water pollution control projects;

(d) All repayments of moneys borrowed from the fund;

(e) All interest payments made by borrowers from the fund;

(f) Any other fee or charge levied in conjunction with administration of the fund; and

(g) Any new funds as a result of leveraging.

(3) The state treasurer may invest and reinvest moneys in the water pollution control revolving fund in the manner provided by law. All earnings from such investment and reinvestment shall be credited to the water pollution control revolving fund.

NEW SECTION. Sec. 4. The department of ecology shall use the moneys in the water pollution control revolving fund to provide financial assistance as provided in the water quality act of 1987:

(1) To make loans, on the condition that:

(a) Such loans are made at or below market interest rates, including interest free loans, at terms not to exceed twenty years;

(b) Annual principal and interest payments will commence not later than one year after completion of any project and all loans will be fully amortized not later than twenty years after project completion;

(c) The recipient of a loan will establish a dedicated source of revenue for repayment of loans; and

(d) The fund will be credited with all payments of principal and interest on all loans.

(2) Loans may be made for the following purposes:

(a) To public bodies for the construction or replacement of water pollution control facilities as defined in section 212 of the federal water quality act of 1987;

(b) For the implementation of a management program established under section 319 of the federal water quality act of 1987 relating to the management of nonpoint sources of pollution, subject to the requirements of that act; and

(c) For development and implementation of a conservation and management plan under section 320 of the federal water quality act of 1987 relating to the national estuary program, subject to the requirements of that act.

(3) The department may also use the moneys in the fund for the following purposes:

(a) To buy or refinance the water pollution control facilities' debt obligations of public bodies at or below market rates, if such debt was incurred after March 7, 1985;

(b) To guarantee, or purchase insurance for, public body obligations for water pollution control facility construction or replacement or activities if the guarantee or insurance would improve credit market access or reduce interest rates, or to provide loans to a public body for this purpose;

(c) As a source of revenue or security for the payment of principal and interest on revenue or general obligation bonds issued by the state if the proceeds of the sale of such bonds will be deposited in the fund;

(d) To earn interest on fund accounts; and

(e) To pay the expenses of the department in administering the water pollution control revolving fund according to administrative reserves authorized by federal and state law.

(4) The department shall present a progress report on the use of moneys from the fund to the chairs of the ways and means committees of the senate and the house of representatives no later than November 30 of each year. This report shall consist of a list of each loan recipient, a project description, total loan amount, financial arrangement and interest rate, repayment schedule, and source of repayment.

(5) The department may not use the moneys in the water pollution control revolving fund for grants.

NEW SECTION. Sec. 5. Moneys deposited in the water pollution control revolving fund shall be administered by the department of ecology. In administering the fund, the department shall:

(1) Allocate funds for loans in accordance with the annual project priority list in accordance with section 212 of the federal water pollution control act as amended in 1987, and allocate funds under sections 319 and 320 according to the provisions of that act;

(2) Use accounting, audit, and fiscal procedures that conform to generally accepted government accounting standards;

(3) Prepare any reports required by the federal government as a condition to awarding federal capitalization grants;

(4) Adopt by rule any procedures or standards necessary to carry out the provisions of this chapter;

(5) Enter into agreements with the federal environmental protection agency;

(6) Cooperate with local, substate regional, and interstate entities regarding state assessment reports and state management programs related to the nonpoint source management programs as noted in section 319(c) of the federal water pollution control act amendments of 1987 and estuary programs developed under section 320 of that act; and

(7) Comply with provisions of the water quality act of 1987.

NEW SECTION. Sec. 6. Any public body receiving a loan from the fund shall:

(1) Appear on the annual project priority list to be identified for funding under section 212 of the federal water pollution control act amendments of 1987 or be eligible under sections 319 and 320 of that act;

(2) Submit an application to the department;

(3) Establish and maintain a dedicated source of revenue or other acceptable source of revenue for the repayment of the loan; and

(4) Demonstrate to the satisfaction of the department that it has sufficient legal authority to incur the debt for which it is applying.

NEW SECTION. Sec. 7. If a public body defaults on payments due to the fund, the state may withhold any amounts otherwise due to the public body and direct that such funds be applied to the indebtedness and deposited into the account.

NEW SECTION. Sec. 8. The department shall establish by rule policies for establishing loan terms and interest rates for loans made from the fund that assure that the objectives of this chapter are met and that adequate funds are maintained in the fund to meet future needs.

***NEW SECTION.** Sec. 9. (1) *There is created the water pollution control loan review committee. The Committee shall convene as often as is necessary to review and approve all loans made from the water pollution control revolving fund prior to issuing any loan.*

(2) *The committee shall consist of the two members of each caucus of the House of Representatives and the Senate. The chair and vice-chair of the committee shall be selected by the majority vote of the committee members.*

(3) *Staff support shall be provided by the department of ecology to assist the committee in reviewing and approving any loan made from the water pollution control revolving fund.*

(4) *The committee shall take action within sixty days after receiving the proposed project list from the department of ecology. Failure to take action within such time shall be deemed as approval.*

*Sec. 9 was vetoed, see message at end of chapter.

****NEW SECTION. Sec. 10. In administering the fund, the department shall comply with the distribution schedule specified in RCW 70.146.060, except where compliance with such schedule may result in an inability to receive or fully expend all federal funds to which the state is otherwise entitled. In such event the department shall notify the committee of such departure from the distribution schedule.***

*Sec. 10 was vetoed, see message at end of chapter.

NEW SECTION. Sec. 11. Sections 1 through 10 of this act shall constitute a new chapter in Title 90 RCW.

NEW SECTION. Sec. 12. (1) In addition to and not in lieu of any other appropriation, the sum of five million dollars, or as much thereof as may be necessary, is appropriated for the biennium ending June 30, 1989, from the water quality account to the water pollution control revolving fund to provide a match at twenty percent of each federal capitalization grant received by the department of ecology in accordance with congressional appropriations. The department shall transfer money from the water quality account to the water pollution revolving fund at intervals consistent with the timing of deposits of federal capitalization grant money. The amounts transferred are not to exceed the match required for each federal deposit. The total of such transfers during the biennium is not to exceed the amount appropriated in this section.

(2) This is the first year of a six-year program. After the state receives all of the federal money it is entitled to under this program, state matching funds from the water quality account are no longer required. The federal authorization expires at the end of the six-year program.

NEW SECTION. Sec. 13. This act is necessary for the immediate preservation of the public peace, health, and safety, the support of the state government and its existing public institutions, and shall take effect immediately.

NEW SECTION. Sec. 14. 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.

Passed the Senate March 10, 1988.

Passed the House March 10, 1988.

Approved by the Governor March 24, 1988, with the exception of certain items which were vetoed.

Filed in Office of Secretary of State March 24, 1988.

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

"I am returning herewith, without my approval as to sections 9 and 10, Engrossed Second Substitute Senate Bill No. 6235, entitled:

"AN ACT Relating to allowing the State of Washington to receive capitalization grants from the federal government for the state revolving loan fund for financing water pollution control facilities and activities."

This bill would establish the water pollution control revolving fund to receive federal capitalization grants, state matching funds and other revenues. This fund would protect the state's surface and underground waters by providing loans to design, construct and improve water pollution control facilities and related activities.

Section 9 would create the water pollution control loan review committee to approve all loans prior to issuance. Technical and administrative criteria for evaluating loan applications are clearly spelled out in federal regulation. Creation of this committee places the Legislature in an administrative role and creates the possibility that loans will be evaluated on criteria other than technical merit. Finally, review of loan applications by the committee could result in slowing down the process. This will reduce local governments' certainty that multi-year construction projects will continue to receive funds.

Section 10 requires the Department of Ecology to follow the water quality account fund distribution schedule as established in RCW 70.146.060 when making loans through the revolving fund. Again, since this fund is utilizing federal moneys, federal law takes precedence in determining eligible projects. This section causes confusion by implying that the state's distribution schedule will be followed.

The water pollution control revolving fund is an important revenue source for financing continued protection of the state's waters for the health, safety, use, enjoyment, and economic benefit of its people.

With the exception of sections 9 and 10, Engrossed Second Substitute Senate Bill No. 6235 is approved."

CHAPTER 285

[Senate Bill No. 6182]

CONTRACTORS—REGISTRATION REQUIREMENTS, SUBSTANTIAL COMPLIANCE

AN ACT Relating to contractors' registration; amending RCW 18.27.080; and reenacting and amending RCW 18.27.030.

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

Sec. 1. Section 3, chapter 77, Laws of 1963 as last amended by section 9, chapter 111, Laws of 1987 and by section 2, chapter 362, Laws of 1987 and RCW 18.27.030 are each reenacted and amended to read as follows:

An applicant for registration as a contractor shall submit an application under oath upon a form to be prescribed by the director and which shall include the following information pertaining to the applicant:

- (1) Employer social security number.
- (2) Industrial insurance number.
- (3) Employment security department number.
- (4) State excise tax registration number.
- (5) Unified business identifier (UBI) account number may be substituted for the information required by subsections (2), (3), and (4) of this section.
- (6) Type of contracting activity, whether a general or a specialty contractor and if the latter, the type of specialty.
- (7) The name and address of each partner if the applicant be a firm or partnership, or the name and address of the owner if the applicant be an