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**BILL REQUEST - CODE REVISER'S OFFICE**

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BILL REQ. #: H-4036.1/20

ATTY/TYPIST: CL:jlb

BRIEF DESCRIPTION: Concerning the financing of Chehalis basin flood damage reduction and habitat restoration projects.

1       AN ACT Relating to financing of Chehalis basin flood damage  
2 reduction and habitat restoration projects; reenacting and amending  
3 RCW 43.84.092; adding a new section to chapter 43.21A RCW; and adding  
4 new sections to chapter 43.99G RCW.

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

6       NEW SECTION.   **Sec. 1.**   BOND AUTHORIZATION. For the purpose of  
7 providing funds to finance Chehalis basin flood damage reduction and  
8 aquatic species habitat restoration projects, and all costs  
9 incidental thereto, the state finance committee is authorized to  
10 issue general obligation bonds of the state of Washington in the sum  
11 of seven hundred million dollars, or as much thereof as may be  
12 required. Bonds authorized in this section may be sold at such price  
13 as the state finance committee shall determine. No bonds authorized  
14 in this section may be offered for sale without prior legislative  
15 appropriation of the net proceeds of the sale of the bonds.

16       NEW SECTION.   **Sec. 2.**   PHASED APPROPRIATION OF BOND PROCEEDS. It  
17 is the intent of the legislature that the proceeds of the new bonds  
18 authorized in section 1 of this act will be appropriated in phases  
19 over seven biennia, beginning with the 2019-2021 biennium. This is  
20 not intended to limit the legislature's ability to appropriate bond

proceeds if the full amount authorized in section 1 of this act has not been appropriated after seven biennia. The authorization to issue bonds contained in section 1 of this act does not expire until the full authorization has been appropriated and issued.

NEW SECTION.     **Sec. 3.**     DEPOSIT OF BOND PROCEEDS. The proceeds from the sale of the bonds authorized in section 1 of this act shall be deposited in the Chehalis basin account created in RCW 43.21A.733. If the state finance committee deems it necessary or advantageous to issue the bonds authorized in section 1 of this act as taxable bonds in order to comply with federal internal revenue service rules and regulations pertaining to the use of nontaxable bond proceeds, the proceeds of such taxable bonds shall be transferred to the Chehalis basin taxable account created in section 8 of this act in lieu of any deposit otherwise provided by this section. The state treasurer shall submit written notice to the director of financial management if it is determined that any such transfer to the Chehalis basin taxable account is necessary.

NEW SECTION.     **Sec. 4.**     BOND RETIREMENT. (1) The debt-limit general fund bond retirement account shall be used for the payment of the principal of and interest on the bonds authorized in section 1 of this act.

(2) The state finance committee shall, on or before June 30th of each year, certify to the state treasurer the amount needed in the ensuing twelve months to meet the bond retirement and interest requirements.

(3) On each date on which any interest or principal and interest payment is due, the state treasurer shall withdraw from any general state revenues received in the state treasury and deposit in the debt-limit general fund bond retirement account an amount equal to the amount certified by the state finance committee to be due on the payment date.

NEW SECTION.     **Sec. 5.**     PAYMENT OF DEBT SERVICE. (1) Bonds issued under section 1 of this act shall state that they are a general obligation of the state of Washington, shall pledge the full faith and credit of the state to the payment of the principal thereof and the interest thereon, and shall contain an unconditional promise to pay the principal and interest as the same shall become due.

(2) The owner and holder of each of the bonds or the trustee for the owner and holder of any of the bonds may by mandamus or other appropriate proceeding require the transfer and payment of funds as directed in this section.

(3) The legislature may provide additional means for raising moneys for the payment of the principal of and interest on the bonds authorized in section 1 of this act, and subsection (1) of this section shall not be deemed to provide an exclusive method for the payment.

NEW SECTION. **Sec. 6.** LEGAL INVESTMENT. The bonds authorized in section 1 of this act shall be a legal investment for all state funds or funds under state control and for all funds of any other public body.

NEW SECTION. **Sec. 7.** All allocations of funds appropriated under this act toward Chehalis basin flood damage reduction and aquatic species habitat restoration projects must be determined by the Chehalis board created under RCW 43.21A.731.

NEW SECTION. **Sec. 8.** A new section is added to chapter 43.21A RCW to read as follows:

CHEHALIS BASIN TAXABLE ACCOUNT CREATED. The Chehalis basin taxable account is created in the state treasury. All receipts from the proceeds of taxable bonds issued as authorized under section 1 of this act, or transferred as authorized under section 3 of this act, must be deposited in the account. Interest earned by deposits in the account will be retained in the account. Moneys in the account may be spent only after appropriation. Expenditures from the account may be used only for the purposes set out in RCW 43.21A.730 and for the payment of expenses incurred in the issuance and sale of the bonds.

**Sec. 9.** RCW 43.84.092 and 2019 c 421 s 15, 2019 c 403 s 14, 2019 c 365 s 19, 2019 c 287 s 19, and 2019 c 95 s 6 are each reenacted and amended to read as follows:

(1) All earnings of investments of surplus balances in the state treasury shall be deposited to the treasury income account, which account is hereby established in the state treasury.

(2) The treasury income account shall be utilized to pay or receive funds associated with federal programs as required by the

1 federal cash management improvement act of 1990. The treasury income  
2 account is subject in all respects to chapter 43.88 RCW, but no  
3 appropriation is required for refunds or allocations of interest  
4 earnings required by the cash management improvement act. Refunds of  
5 interest to the federal treasury required under the cash management  
6 improvement act fall under RCW 43.88.180 and shall not require  
7 appropriation. The office of financial management shall determine the  
8 amounts due to or from the federal government pursuant to the cash  
9 management improvement act. The office of financial management may  
10 direct transfers of funds between accounts as deemed necessary to  
11 implement the provisions of the cash management improvement act, and  
12 this subsection. Refunds or allocations shall occur prior to the  
13 distributions of earnings set forth in subsection (4) of this  
14 section.

15 (3) Except for the provisions of RCW 43.84.160, the treasury  
16 income account may be utilized for the payment of purchased banking  
17 services on behalf of treasury funds including, but not limited to,  
18 depository, safekeeping, and disbursement functions for the state  
19 treasury and affected state agencies. The treasury income account is  
20 subject in all respects to chapter 43.88 RCW, but no appropriation is  
21 required for payments to financial institutions. Payments shall occur  
22 prior to distribution of earnings set forth in subsection (4) of this  
23 section.

24 (4) Monthly, the state treasurer shall distribute the earnings  
25 credited to the treasury income account. The state treasurer shall  
26 credit the general fund with all the earnings credited to the  
27 treasury income account except:

28 (a) The following accounts and funds shall receive their  
29 proportionate share of earnings based upon each account's and fund's  
30 average daily balance for the period: The abandoned recreational  
31 vehicle disposal account, the aeronautics account, the aircraft  
32 search and rescue account, the Alaskan Way viaduct replacement  
33 project account, the brownfield redevelopment trust fund account, the  
34 budget stabilization account, the capital vessel replacement account,  
35 the capitol building construction account, the Cedar River channel  
36 construction and operation account, the Central Washington University  
37 capital projects account, the charitable, educational, penal and  
38 reformatory institutions account, the Chehalis basin account, the  
39 Chehalis basin taxable account, the cleanup settlement account, the  
40 Columbia river basin water supply development account, the Columbia

1 river basin taxable bond water supply development account, the  
2 Columbia river basin water supply revenue recovery account, the  
3 common school construction fund, the community forest trust account,  
4 the connecting Washington account, the county arterial preservation  
5 account, the county criminal justice assistance account, the deferred  
6 compensation administrative account, the deferred compensation  
7 principal account, the department of licensing services account, the  
8 department of licensing tuition recovery trust fund, the department  
9 of retirement systems expense account, the developmental disabilities  
10 community trust account, the diesel idle reduction account, the  
11 drinking water assistance account, the drinking water assistance  
12 administrative account, the early learning facilities development  
13 account, the early learning facilities revolving account, the Eastern  
14 Washington University capital projects account, the education  
15 construction fund, the education legacy trust account, the election  
16 account, the electric vehicle account, the energy freedom account,  
17 the energy recovery act account, the essential rail assistance  
18 account, The Evergreen State College capital projects account, the  
19 federal forest revolving account, the ferry bond retirement fund, the  
20 freight mobility investment account, the freight mobility multimodal  
21 account, the grade crossing protective fund, the public health  
22 services account, the state higher education construction account,  
23 the higher education construction account, the highway bond  
24 retirement fund, the highway infrastructure account, the highway  
25 safety fund, the hospital safety net assessment fund, the industrial  
26 insurance premium refund account, the Interstate 405 and state route  
27 number 167 express toll lanes account, the judges' retirement  
28 account, the judicial retirement administrative account, the judicial  
29 retirement principal account, the local leasehold excise tax account,  
30 the local real estate excise tax account, the local sales and use tax  
31 account, the marine resources stewardship trust account, the medical  
32 aid account, the mobile home park relocation fund, the money-purchase  
33 retirement savings administrative account, the money-purchase  
34 retirement savings principal account, the motor vehicle fund, the  
35 motorcycle safety education account, the multimodal transportation  
36 account, the multiuse roadway safety account, the municipal criminal  
37 justice assistance account, the natural resources deposit account,  
38 the oyster reserve land account, the pension funding stabilization  
39 account, the perpetual surveillance and maintenance account, the  
40 pollution liability insurance agency underground storage tank

1 revolving account, the public employees' retirement system plan 1  
2 account, the public employees' retirement system combined plan 2 and  
3 plan 3 account, the public facilities construction loan revolving  
4 account beginning July 1, 2004, the public health supplemental  
5 account, the public works assistance account, the Puget Sound capital  
6 construction account, the Puget Sound ferry operations account, the  
7 Puget Sound Gateway facility account, the Puget Sound taxpayer  
8 accountability account, the real estate appraiser commission account,  
9 the recreational vehicle account, the regional mobility grant program  
10 account, the resource management cost account, the rural arterial  
11 trust account, the rural mobility grant program account, the rural  
12 Washington loan fund, the sexual assault prevention and response  
13 account, the site closure account, the skilled nursing facility  
14 safety net trust fund, the small city pavement and sidewalk account,  
15 the special category C account, the special wildlife account, the  
16 state employees' insurance account, the state employees' insurance  
17 reserve account, the state investment board expense account, the  
18 state investment board commingled trust fund accounts, the state  
19 patrol highway account, the state route number 520 civil penalties  
20 account, the state route number 520 corridor account, the state  
21 wildlife account, the statewide broadband account, the statewide  
22 tourism marketing account, the student achievement council tuition  
23 recovery trust fund, the supplemental pension account, the Tacoma  
24 Narrows toll bridge account, the teachers' retirement system plan 1  
25 account, the teachers' retirement system combined plan 2 and plan 3  
26 account, the tobacco prevention and control account, the tobacco  
27 settlement account, the toll facility bond retirement account, the  
28 transportation 2003 account (nickel account), the transportation  
29 equipment fund, the transportation future funding program account,  
30 the transportation improvement account, the transportation  
31 improvement board bond retirement account, the transportation  
32 infrastructure account, the transportation partnership account, the  
33 traumatic brain injury account, the tuition recovery trust fund, the  
34 University of Washington bond retirement fund, the University of  
35 Washington building account, the voluntary cleanup account, the  
36 volunteer firefighters' and reserve officers' relief and pension  
37 principal fund, the volunteer firefighters' and reserve officers'  
38 administrative fund, the vulnerable roadway user education account,  
39 the Washington judicial retirement system account, the Washington law  
40 enforcement officers' and firefighters' system plan 1 retirement

1 account, the Washington law enforcement officers' and firefighters'  
2 system plan 2 retirement account, the Washington public safety  
3 employees' plan 2 retirement account, the Washington school  
4 employees' retirement system combined plan 2 and 3 account, the  
5 Washington state health insurance pool account, the Washington state  
6 patrol retirement account, the Washington State University building  
7 account, the Washington State University bond retirement fund, the  
8 water pollution control revolving administration account, the water  
9 pollution control revolving fund, the Western Washington University  
10 capital projects account, the Yakima integrated plan implementation  
11 account, the Yakima integrated plan implementation revenue recovery  
12 account, and the Yakima integrated plan implementation taxable bond  
13 account. Earnings derived from investing balances of the agricultural  
14 permanent fund, the normal school permanent fund, the permanent  
15 common school fund, the scientific permanent fund, the state  
16 university permanent fund, and the state reclamation revolving  
17 account shall be allocated to their respective beneficiary accounts.

18 (b) Any state agency that has independent authority over accounts  
19 or funds not statutorily required to be held in the state treasury  
20 that deposits funds into a fund or account in the state treasury  
21 pursuant to an agreement with the office of the state treasurer shall  
22 receive its proportionate share of earnings based upon each account's  
23 or fund's average daily balance for the period.

24 (5) In conformance with Article II, section 37 of the state  
25 Constitution, no treasury accounts or funds shall be allocated  
26 earnings without the specific affirmative directive of this section.

27 NEW SECTION. **Sec. 10.** Sections 1 through 7 of this act are each  
28 added to chapter 43.99G RCW and codified with the subchapter heading  
29 of "2020 BOND ISSUE FOR FLOOD DAMAGE REDUCTION AND AQUATIC SPECIES  
30 HABITAT RESTORATION PROJECTS."

31 NEW SECTION. **Sec. 11.** If any provision of this act or its  
32 application to any person or circumstance is held invalid, the  
33 remainder of the act or the application of the provision to other  
34 persons or circumstances is not affected.

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