
SENATE BILL 5088

State of Washington

65th Legislature

2017 Regular Session

By Senators Honeyford and Frockt; by request of Office of Financial Management

1 AN ACT Relating to financing local infrastructure; amending RCW
2 39.36.060; and adding new sections to chapter 43.180 RCW.

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

4 NEW SECTION. **Sec. 1.** The legislature finds that there exists in
5 the state of Washington need for critical projects for the planning,
6 acquisition, construction, repair, replacement, rehabilitation, or
7 improvement of local infrastructure including streets and roads,
8 bridges, water systems, solid waste disposal including recycling,
9 storm and sanitary sewage systems and other municipal projects,
10 facilities, and utilities. It is the policy of the state of
11 Washington to encourage self-reliance by local governments in meeting
12 their local infrastructure needs and to assist in the financing of
13 critical infrastructure projects by making loans available to local
14 governments for these projects.

15 NEW SECTION. **Sec. 2.** (1) The commission may develop and
16 implement a program to provide financing to local governments for
17 infrastructure projects. In developing the program, the commission
18 shall establish eligibility criteria for financing that will enable
19 it to choose applicants who are likely to repay loans made or

1 acquired by the commission and funded from the proceeds of commission
2 bonds.

3 (2) The commission may, if economically feasible:

4 (a) Issue revenue bonds as defined in RCW 43.180.020(1) for the
5 purpose of financing all or part of the costs of infrastructure
6 projects in accordance with RCW 43.180.150;

7 (b) Make or purchase loans to local governments for financing all
8 or part of the costs of infrastructure projects;

9 (c) Enter into financing agreements relating to the repayment of
10 those loans or the provision of, or security for, debt service on the
11 bonds;

12 (d) Do all things necessary to provide for the exemption of
13 interest on its bonds from federal income taxation if the bonds are
14 issued on a tax-exempt basis; and

15 (e) Participate fully in federal and other governmental programs
16 and take such actions as are necessary and consistent with this
17 chapter to secure to itself and the people of the state the benefits
18 of those programs for financing infrastructure projects.

19 (3) In connection with the financing of costs of local
20 infrastructure, the commission may exercise the other powers granted
21 the commission under this chapter, including the requirements under
22 RCW 43.180.170 and 43.180.180. No commission general fund resources
23 may be expended to implement this section except that commission
24 general fund resources may be expended to administer this section.

25 (4) For the purposes of this chapter:

26 (a) "Financing agreement" means a lease, sublease, installment
27 sale agreement, conditional sale agreement, loan agreement, or other
28 agreement for the purpose of providing funds to pay or secure debt
29 service on bonds.

30 (b) "Infrastructure project" means a project of a local
31 government for the planning, acquisition, construction, repair,
32 reconstruction, replacement, rehabilitation, or improvement of
33 infrastructure including streets and roads, bridges, water systems,
34 storm and sanitary sewage systems, solid waste facilities, including
35 recycling facilities, and other municipal projects, facilities, and
36 utilities.

37 (c) "Local governments" means cities, towns, counties, special
38 purpose districts, port districts, school districts, and any other
39 municipal corporations or quasi-municipal corporations in the state.

1 NEW SECTION. **Sec. 3.** Any local government may enter into a
2 financing agreement containing the terms and conditions of a loan
3 from the commission and evidencing the obligation of the municipal
4 corporation to repay that loan under the terms and conditions set
5 forth in the financing agreement. A financing agreement may provide
6 that the local government will repay the loan solely from revenues
7 set aside into a special fund for repayment of that loan. In the case
8 of a local government authorized to borrow money payable from taxes,
9 and authorized to levy such taxes, the financing agreement may
10 provide that repayment of the loan is a general obligation of the
11 local government, or both a general obligation and an obligation
12 payable from revenues set aside into a special fund. The commission
13 shall have such rights of recovery in the event of default in payment
14 or other breach of financing loan agreement as may be provided in the
15 loan agreement or otherwise by law.

16 NEW SECTION. **Sec. 4.** Nothing in this chapter authorizes local
17 governments to incur indebtedness beyond constitutional indebtedness
18 limitations. Revenue bonds issued by the commission pursuant to this
19 chapter are excluded from the indebtedness limit in RCW
20 43.180.160(1).

21 NEW SECTION. **Sec. 5.** The authority under this chapter is
22 supplemental and in addition to the authority to issue obligations
23 under any other provision of law.

24 **Sec. 6.** RCW 39.36.060 and 1987 c 19 s 5 are each amended to read
25 as follows:

26 This chapter does not apply to a loan made pursuant to a loan
27 agreement under chapter 39.69 RCW or sections 1 through 5 of this
28 act, and any computation of indebtedness under this chapter shall
29 exclude the amount of any loan under such a loan agreement.

30 NEW SECTION. **Sec. 7.** Sections 1 through 5 of this act are each
31 added to chapter 43.180 RCW.

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