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SENATE BILL 5334

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State of Washington

61st Legislature

2009 Regular Session

By Senator Jacobsen

Read first time 01/20/09. Referred to Committee on Natural Resources,  
Ocean & Recreation.

1 AN ACT Relating to state and municipal borrowing; creating new  
2 sections; and declaring an emergency.

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

4 NEW SECTION. **Sec. 1.** The legislature finds that state and local  
5 responsibility for environmental and natural resources protection,  
6 cleanup and restoration, the selection of means of generating electric  
7 current, the selection of transportation modes and plans, water  
8 conservation, and storm water and sewerage treatment, often transcend  
9 local government boundaries and cover large regions of or even the  
10 entire state. The benefits of expenditures for such purposes also  
11 accrue across numerous governmental jurisdictions, yet too often it is  
12 only the state or one or a few local jurisdictions undertaking  
13 responsibility to finance these expenditures.

14 The legislature further finds that this burden on the responsible  
15 jurisdiction constitutes an inequitable financial disincentive, thus  
16 discouraging or delaying needed undertakings, or resulting in  
17 suboptimal expenditures of financial and natural resource capital, in  
18 each case to the detriment of the health and welfare of the people and

1 the natural resources of the state. This disparity between burdens and  
2 benefits can render socially, ecologically, and economically desirable  
3 projects financially unfeasible.

4 The legislature further finds that a new concept of public  
5 financing, referred to as interjurisdictional financing, would address  
6 this lack of connection between financing burdens and expenditure  
7 benefits, and bypass institutional barriers to the financing of  
8 integrated and beneficial projects. Unlike the traditional municipal  
9 bond finance model in which the repayment of bonds is anticipated  
10 solely from increased utility or tax revenues of the bond issuer,  
11 interjurisdictional bonds would be repaid by allocating shared  
12 responsibility, without diminution of the issuing entity's obligations  
13 to bondholders, among some or all of the jurisdictions that would be  
14 benefited from the expenditure by reduced expenses or increased  
15 revenues based upon the projected cost or tax savings or increased  
16 utility revenues forecast to accrue to each, using methods of  
17 calculation including life cycle assessment protocols adapted to  
18 subject matter and locale. By this means, socially, ecologically, and  
19 economically desirable projects not otherwise financially feasible, may  
20 acquire feasibility.

21 NEW SECTION. **Sec. 2.** (1) On or before December 31, 2009, the  
22 state treasurer shall provide a report to the fiscal and natural  
23 resources policy committees of the senate and house of representatives  
24 that analyzes the feasibility of financing state and local  
25 environmental protection, cleanup and restoration, the means of  
26 generating electric current, transportation modes and plans, water  
27 conservation and storm water and sewerage treatment, through the  
28 issuance of interjurisdictional financing as described in section 1 of  
29 this act.

30 (2) The report shall include:

31 (a) A review of this financing mechanism as proposed, as well as  
32 examples where states or local jurisdictions have implemented similar  
33 mechanisms among municipal corporations;

34 (b) An identification of potential overall benefits to state and  
35 local jurisdictions to the economy, to the health and welfare of the  
36 people, and to the natural resources of the state, in using this  
37 mechanism over existing finance mechanisms;

1 (c) An analysis of the methodologies for assessing individual  
2 jurisdiction benefits and for allocating responsibility among all the  
3 benefited jurisdictions for repayment of the bond obligations;

4 (d) An analysis of necessary enabling legislation to implement this  
5 method, and responsibilities of the state treasurer, the state finance  
6 committee, and other agencies; and

7 (e) An assessment of the potential for credit markets to accept  
8 this financing mechanism.

9 NEW SECTION. **Sec. 3.** This act is necessary for the immediate  
10 preservation of the public peace, health, or safety, or support of the  
11 state government and its existing public institutions, and takes effect  
12 immediately.

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