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**HOUSE BILL 1441**

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**State of Washington**

**66th Legislature**

**2019 Regular Session**

**By Representative Tharinger; by request of Housing Finance Commission**

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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