

REFERENDUM 22 BILL NUMBER

Chapter 66, Laws of 1970

Official ballot title:*

STATE BUILDINGS—BONDS—SALES; INTEREST

AN ACT amending a law approved by the voters in 1968 which authorized the sale of \$63,059,000 in bonds to finance various building projects for institutions, general administration and certain higher education facilities; deleting a requirement in the original act that these bonds be sold prior to January 1, 1972; removing the 6% maximum interest rate payable on said bonds and substituting therefor a provision that the state finance committee shall fix the maximum interest rate.

Vote cast by members of the 1970 Legislature on final passage:
SENATE: (49 members) Yeas, 47; Nays, 0; Absent or not voting, 2.
HOUSE: (99 members) Yeas, 94; Nays, 2; Absent or not voting, 3.

*Ballot Title as issued by the Attorney General.

Statement **FOR**

New facilities approved by voters in 1968

In 1968, the voters passed Referendum 19, a \$63,059,000 bond issue for new facilities at all four-year institutions of higher learning, including the new Evergreen State College, at the state schools for the retarded and handicapped, at correctional institutions, and for the state library.

Changed economic conditions require new vote

Referendum 19 contained standard technical provisions which limit the interest rate to 6% and set a deadline for the sale of the bonds. Interest rates have risen sharply, however. It is now necessary to pass Referendum 22 to realize the benefits sought by the voters when they approved Referendum 19 two years ago.

The early sale of an initial block of bonds during a more favorable bond market has financed construction to this time. As construction proceeds, plans must be made for the sale of the balance of these bonds.

Building needs have intensified

Construction of these projects must not be interrupted. Their need was evident to the Legislature in 1967 and reaffirmed by the voters in 1968. These needs have only intensified with the passage of time. In addition, the basic economic conditions which produce high interest rates also cause inflation which

is continually shrinking the purchasing power of the amounts authorized in Referendum 19.

Referendum 22 will assure economical funding

Referendum 22 has been placed on the ballot by the 1970 Legislature to assure economical permanent funding by allowing the interest rate to be set by competitive bidding under the supervision of the State Finance Committee. In addition, by removing the deadline for the sale of these bonds, the voters will give the Finance Committee the flexibility to take best advantage of changing bond market conditions.

Referendum 22 would authorize the sale of these bonds in the event they cannot be sold within the 6% limitation.

Committee appointed to compose statement FOR Referendum Bill No. 22:

GORDON SANDISON, State Senator; FRANK W. FOLEY, State Senator; ROBERT F. GOLDSWORTHY, State Representative.

Advisory Committee: Citizen's Committee for Referendum Bill No. 22—JOHN RUPP, State Chairman; MRS. GEORGE N. PRINCE, Vice Chairman; DR. C. CLEMENT FRENCH, Vice Chairman; JOHN F. BEHNKE, Member; DON C. DOWNEN, Member.

**Effect of Referendum Bill No. 22
if approved into Law:**

The Law as it now exists:

The people at the 1968 general election approved Referendum Bill No. 19. This law authorized the sale of general obligation bonds prior to January 1, 1972, in an amount up to \$63,059,000 to finance various building projects for the department of general administration, the department of institutions, and certain state institutions of higher education. The proposition was submitted to the people because under our constitution, with certain exceptions not here involved, a law authorizing the state to contract debts through the issuance of general obligation bonds cannot take effect until after it has been approved by the people.

The law, having received a favorable vote, is now effective and the state finance committee has sold \$15,000,000 of the authorized issue. The finance committee is authorized under the law to proceed with the sale of the remaining bonds. However, the law expressly limits the maximum interest rate which may be paid on the bonds to six percent (6%) per annum.

By chapter 66, Laws of 1970, the legislature has provided that unless all the bonds authorized by Referendum Bill No. 19 are sold on or before September 2, 1970, then three sections of the 1970 law, now designated as Referendum Bill No. 22, are to be submitted to the people seeking approval of the following changes in the original law: (1) Deleting the requirement that bonds be sold prior to January 1, 1972; and (2) removing the provision fixing the maximum rate of interest at six percent and substituting therefor a provision that the state finance committee shall fix the maximum interest rate. If approved, the effect of this referendum bill will simply be to provide for these changes.

*Note: Complete text of Referendum Bill No. 22 starts on
Page 24.*

Statement **AGAINST**

Referendum 22 would remove interest ceilings on these bonds entirely and thereby eliminate the safeguard of a specified maximum interest rate to be charged to the taxpayers.

These are tax-free municipal bonds and could be sold at the 6% authorized rate. \$15,000,000 of them were sold at that rate. No attempt has been made to sell the rest.

This referendum is not needed. It is inflationary. It is dangerous. It should be defeated.

*Committee appointed to compose statement **AGAINST**
Referendum Bill No. 22:*

NORMAN B. ACKLEY
State Representative

NOTE: State law provides that in the instance of a referendum bill, the committee appointed to write a statement, either for or against the proposal, should consist of at least one state senator and one state representative. However, no state senator indicated a desire to serve on such committee and for this reason State Representative Norman B. Ackley, alone, composed the above statement against this measure.

REFERENDUM BILL NUMBER

21

(Continued)

LEGISLATIVE TITLE
(Senate Bill No. 311)

OUTDOOR RECREATIONAL AREAS AND FACILITIES—ACQUISITION—BOND ISSUE

AN ACT relating to state government and the support thereof; amending section 2, chapter 126, Laws of 1967 ex. sess. and RCW 43.99A.020; amending section 3, chapter 126, Laws of 1967 ex. sess. and RCW 43.99A.030; and providing for submission of this act to a vote of the people.

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

Section 1. Section 2, chapter 126, Laws of 1967 ex. sess. and RCW 43.99A.020 are each amended to read as follows:

For the purpose of providing funds for the acquisition and development of outdoor recreational areas and facilities in this state, the state finance committee is authorized to issue [~~at any time prior to January 1, 1975,~~] general obligation bonds of the state of Washington in the sum of forty million dollars or so much thereof as may be required to finance the projects described in RCW 43.99A.070 and 43.99A.080. These bonds shall be paid and discharged within twenty years of the date of issuance.

Sec. 2. Section 3, chapter 126, Laws of 1967 ex. sess. and RCW 43.99A.030 are each amended to read as follows:

The state finance committee is authorized to prescribe the form of the bonds, the maximum rate of interest the same shall bear, the time of sale of all or any portion of them, and the conditions of their sale and issuance. None of the bonds herein authorized shall be sold for less than their par value [~~nor shall they bear interest at a rate in excess of six percent per annum~~].

NEW SECTION. Sec. 3. In the event all of the bonds authorized by RCW 43.99A.010 through 43.99A.110 have not been issued on or before September 2, 1970, then this act shall be submitted to the people for their adoption and ratification, or rejection, at the general election to be held in this state on the Tuesday next succeeding the first Monday in November, 1970, in accordance with the provisions of section 3, Article VIII of the state Constitution; and in accordance with the provisions of section 1, Article II of the state Constitution as amended, and the laws adopted to facilitate the operation thereof.

NEW SECTION. Sec. 4. Sections 1 and 2 of this 1970 amendatory act shall not become effective unless this act is adopted and ratified at the referendum election provided for in section 3 of this 1970 amendatory act.

Passed the Senate January 31, 1970.

Passed the House February 6, 1970.

Approved by the Governor February 20, 1970.

COMPLETE TEXT OF

REFERENDUM BILL NUMBER

22

(CHAPTER 66, LAWS OF 1970)

Ballot Title as issued by the Attorney General:

STATE BUILDINGS—BONDS—SALES; INTEREST

AN ACT amending a law approved by the voters in 1968 which authorized the sale of \$63,059,000 in bonds to finance various building projects for institutions, general administration and certain higher education facilities; deleting a requirement in the original act that these bonds be sold prior to January 1, 1972; removing the 6% maximum interest rate payable on said bonds and substituting therefor a provision that the state finance committee shall fix the maximum interest rate.

LEGISLATIVE TITLE
(Senate Bill No. 317)

GOVERNMENT OBLIGATIONS AND ASSESSMENTS—INTEREST RATES—VALIDATION

AN ACT relating to state government and the support thereof; amending section 1, chapter 148, Laws of 1967 ex. sess., and RCW 43.83.090; amending section 3, chapter 192, Laws of 1951 as amended by section 3, chapter 84, Laws of 1963 and RCW 36.88.030; amending section 36.88.140, chapter 4, Laws of 1963 and RCW 36.88.140; and providing for the submission of certain sections of this act to a vote of the people.

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

Section 1. Section 1, chapter 148, Laws of 1967 ex. sess., and RCW 43.83.090 are each amended to read as follows:

For the purpose of providing needed capital improvements for the department of general administration, the institutions of higher education and the department of institutions, the state finance committee is authorized to issue [~~at any time prior to January 1, 1972,~~] general obligation bonds of the state of Washington in the sum of sixty-three million fifty-nine thousand dollars or so much thereof as shall be required to finance the capital projects set forth in RCW 43.83.100, to be paid and discharged within twenty years of the date of issuance.

The state finance committee is authorized to prescribe the form of such bonds, the maximum rate of interest the same shall bear, and the time of sale of all or any portion or portions of such bonds, and the conditions of sale and issuance thereof: *Provided*, That none of the bonds herein authorized shall be sold for less than the par value thereof

~~[[, nor shall they bear interest at a rate in excess of six percent per annum]].~~

The bonds shall pledge the full faith and credit of the state of Washington and contain an unconditional promise to pay the principal and interest when due. The committee may provide that the bonds, or any of them, may be called prior to the due date thereof under such terms and conditions as it may determine. The state finance committee may authorize the use of facsimile signatures in the issuance of the bonds.

Sec. 2. Section 3, chapter 192, Laws of 1951 as amended by section 3, chapter 84, Laws of 1963 and RCW 36.88.030 are each amended to read as follows:

In case the board of county commissioners shall desire to initiate the formation of a county road improvement district by resolution, it shall first pass a resolution declaring its intention to order such improvement, setting forth the nature and territorial extent of such proposed improvement, designating the number of the proposed road improvement district and describing the boundaries thereof, stating the estimated cost and expense of the improvement and the proportionate amount thereof which will be borne by the property within the proposed district, ~~[[stating the average number of units as defined and allowed in RCW 36.88.010 per one thousand feet of property fronting upon the portion of road to be improved,]]~~ notifying the owners of property therein to appear at a meeting of the board at the time specified in such resolution, and directing the county road engineer to submit to the board at or prior to the date fixed for such hearing a diagram or print showing thereon the lots, tracts and parcels of land and other property which will be specially benefited thereby and the estimated amount of the cost and expense of such improvement to be borne by each lot, tract or parcel of land or other property, and also designating thereon all property which is being purchased under contract from the county. The resolution of intention shall be published in at least two consecutive issues of a newspaper of general circulation in such county, the date of the first publication to be at least fifteen days prior to the date fixed by such resolution for hearing before the board of county commissioners.

Notice of the adoption of the resolution of intention shall be given each owner or reputed owner of any lot, tract or parcel of land or other property within the proposed improvement district by mailing said notice to the owner or reputed owner of the property as shown on the tax rolls of the county treasurer at the address shown thereon at least fifteen days before the date fixed for the public hearing. The notice shall refer to the resolution of intention and designate the proposed improvement district by number. Said notice shall also set forth the nature of the proposed improvement, the total estimated cost, the proportion of total cost to be borne by assessments, the estimated amount of the cost and expense of such improvement to be borne by the particular lot, tract or parcel, the date and place of the hearing before the board of county commissioners, and shall contain the directions hereinafter provided for voting upon the formation of the proposed improvement district.

The clerk of the board shall prepare and mail, together with the notice above referred to, a ballot for each owner or reputed owner of any lot, tract or parcel of land within the proposed improvement district. This ballot shall contain the following proposition:

"Shall county road improvement district No. be formed?

Yes
No

and, in addition, shall contain appropriate spaces for the signatures of the property owners, and a description of their property, and shall have printed thereon the direction that all ballots must be signed to be valid and must be returned to the clerk of the board of county commissioners not later than

five o'clock p.m. of a day which shall be one week after the date of the public hearing.

The notice of adoption of the resolution of intention shall also contain the above directions, and, in addition thereto, shall state the rules by which the election shall be governed.

Sec. 3. Section 36.88.140, chapter 4, Laws of 1963 and RCW 36.88.140 are each amended to read as follows:

The board shall prescribe by resolution within what time such assessment or installments thereof shall be paid, and shall provide for the payment and collection of interest at a rate not to exceed ~~[[six]]~~ eight percent per annum on that portion of any assessment which remains unpaid over thirty days after such date. Assessments or installments thereof which are delinquent, shall bear, in addition to such interest, such penalty not less than five percent as shall be prescribed by resolution. Interest and penalty shall be included in and shall be a part of the assessment lien. All liens acquired by the county hereunder shall be foreclosed by the appropriate county officers in the same manner and subject to the same rights of redemption provided by law for the foreclosure of liens held by cities or towns against property in local improvement districts.

NEW SECTION. Sec. 4. In the event all of the bonds authorized by RCW 43.83.090 through RCW 43.83.100, have not been issued on or before September 2, 1970, then sections 1, 4 and 5 of this amendatory act shall be submitted to the people for their adoption and ratification, or rejection, at the general election to be held in this state on the Tuesday next succeeding the first Monday in November, 1970, in accordance with the provisions of section 3, Article VIII of the state Constitution; and in accordance with the provisions of section 1, Article II of the state Constitution, as amended, and the laws adopted to facilitate the operation thereof.

NEW SECTION. Sec. 5. Amendatory section 1 of this 1970 amendatory act shall not become effective unless sections 1, 4 and 5 of this act are adopted and ratified at the referendum election provided for in section 4 of this act.

NEW SECTION. Sec. 6. All revenue bonds, the issuance of which was authorized or ratified at a general or special election held within the issuing jurisdiction prior to the effective date of this amendatory act or the proposition for the issuance of which will be submitted at such an election pursuant to action of the legislative authority of the issuer taken prior to the effective date of this amendatory act, may be sold and issued with an interest rate or rates greater than any interest rate restriction contained in the ballot proposition or ordinance or resolution relating to such authorization or ratification.

NEW SECTION. Sec. 7. All debts, contracts and obligations heretofore made or incurred by or in favor of the state, state agencies, state colleges and universities, and the political subdivisions, municipal corporations and quasi municipal corporations of this state, are hereby declared to be legal and valid and of full force and effect from the date thereof, regardless of the interest rate borne by any such debts, contracts and obligations.

Passed the Senate February 12, 1970.

Passed the House February 6, 1970.

Approved by the Governor February 20, 1970.