

**Chapter 35.54 RCW**  
**LOCAL IMPROVEMENTS—GUARANTY FUNDS**

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**RCW 35.54.010 Establishment.** (1) There is established in every city and town a fund to be designated the "local improvement guaranty fund" for the purpose of guaranteeing, to the extent of the fund, the payment of its local improvement bonds and warrants or other short-term obligations issued to pay for any local improvement ordered in the city or town or in any area wholly or partly outside its corporate boundaries: (a) In any city of the first class having a population of more than three hundred thousand, subsequent to June 8, 1927; (b) in any city or town having created and maintained a guaranty fund under chapter 141, Laws of 1923, subsequent to the date of establishment of such fund; and (c) in any other city or town subsequent to April 7, 1926: PROVIDED, That this shall not apply to any city of the first class which maintains a local improvement guaranty fund under chapter 138, Laws of 1917, but any such city maintaining a guaranty fund under chapter 138, Laws of 1917 may by ordinance elect to operate under the provisions of this chapter and may transfer to the guaranty fund created hereunder all the assets of the former fund and, upon such election and transfer, all bonds guaranteed under the former fund shall be guaranteed under the provisions of this chapter.

(2) The local improvement guaranty fund established under subsection (1) of this section shall not be subject to any claim by the owner or holder of any local improvement bond, warrant, or other short-term obligation issued under an ordinance that provides that such obligations shall not be secured by the local improvement guaranty fund. [2002 c 41 s 4; 1971 ex.s. c 116 s 7; 1965 c 7 s 35.54.010. Prior: (i) 1917 c 138 s 1; RRS s 8986. (ii) 1917 c 138 s 2; RRS s 8987. (iii) 1917 c 138 s 3; RRS s 8988. (iv) 1917 c 138 s 4; RRS s 8989. (v) 1917 c 138 s 5; RRS s 8990. (vi) 1917 c 138 s 6; RRS s 8991. (vii) 1927 c 209 s 1; 1925 ex.s. c 183 s 1; 1923 c 141 s 1; RRS s 9351-1. (viii) 1927 c 209 s 2, part; 1925 ex.s. c 183 s 2, part; 1923 c 141 s 2, part; RRS s 9351-2, part.]

**RCW 35.54.020 Rules and regulations.** Every city and town operating under the provisions of this chapter shall prescribe by ordinance appropriate rules and regulations for the maintenance and operation of the guaranty fund not inconsistent with the provisions of this chapter. [1965 c 7 s 35.54.020. Prior: 1933 c 109 s 1, part; 1927 c 209 s 3, part; 1925 ex.s. c 183 s 3, part; 1923 c 141 s 3, part; RRS s 9351-3, part.]

**RCW 35.54.030 Source—Interest and earnings.** Interest and earnings from the local improvement guaranty fund shall be paid into the fund. [1965 c 7 s 35.54.030. Prior: 1933 c 109 s 1, part; 1927 c 209 s 3, part; 1925 ex.s. c 183 s 3, part; 1923 c 141 s 3, part; RRS s 9351-3, part.]

**RCW 35.54.040 Source—Subrogation rights to assessments.** Whenever any sum is paid out of the local improvement guaranty fund on account of principal or interest of a local improvement bond or warrant, the city or town as trustee of the fund shall be subrogated to all the rights of the holder of the bond or interest coupon or warrant so paid, and the proceeds thereof, or of the underlying assessment, shall become part of the guaranty fund. [1965 c 7 s 35.54.040. Prior: 1933 c 109 s 1, part; 1927 c 209 s 3, part; 1925 ex.s. c 183 s 3, part; 1923 c 141 s 3, part; RRS s 9351-3, part.]

**RCW 35.54.050 Source—Surplus from improvement funds.** If in any local improvement fund guaranteed by a local improvement guaranty fund there is a surplus remaining after the payment of all outstanding bonds and warrants payable therefrom, it shall be paid into the local improvement guaranty fund. [1965 c 7 s 35.54.050. Prior: 1933 c 109 s 1, part; 1927 c 209 s 3, part; 1925 ex.s. c 183 s 3, part; 1923 c 141 s 3, part; RRS s 9351-3, part.]

**RCW 35.54.060 Source—Taxation.** For the purpose of maintaining the local improvement guaranty fund, every city and town shall, at the time of making its annual budget and tax levy, provide for the levy of a sum sufficient, with the other sources of the fund, to pay the warrants issued against the fund during the preceding fiscal year and to establish a balance therein: PROVIDED, That the levy in any one year shall not exceed the greater of: (1) Twelve percent of the outstanding obligations guaranteed by the fund, or (2) the total amount of delinquent assessments and interest accumulated on the delinquent assessments before the levy as of September 1.

The taxes levied for the maintenance of the local improvement guaranty fund shall be additional to and, if need be, in excess of all statutory and charter limitations applicable to tax levies in any city or town. [1981 c 323 s 7; 1965 c 7 s 35.54.060. Prior: (i) 1933 c 109 s 1, part; 1927 c 209 s 3, part; 1925 ex.s. c 183 s 3, part; 1923 c 141 s 3, part; RRS s 9351-3, part. (ii) 1927 c 209 s 2, part; 1925 ex.s. c 183 s 2, part; 1923 c 141 s 2, part; RRS s 9351-2, part.]

*Special assessments or taxation for local improvements: State Constitution Art. 7 s 9.*

**RCW 35.54.070 Use of fund—Purchase of bonds, coupons and warrants.** Defaulted bonds, interest coupons and warrants against local improvement funds shall be purchased out of the guaranty fund, and as between the several issues of bonds, coupons, or warrants no preference shall exist, but they shall be purchased in the order of their presentation. [1965 c 7 s 35.54.070. Prior: 1933 c 109 s 1, part; 1927 c 209 s 3, part; 1925 ex.s. c 183 s 3, part; 1923 c 141 s 3, part; RRS s 9351-3, part.]

**RCW 35.54.080 Use of fund—Purchase of general tax certificates or property on or after foreclosure—Disposition.** For the purpose of protecting the guaranty fund, so much of the guaranty fund as is necessary may be used to purchase certificates of delinquency for general taxes on property subject to local improvement assessments which underlie the bonds, coupons, or warrants guaranteed by the fund, or to purchase such property at county tax foreclosures, or from the county after foreclosure.

The city or town, as trustee of the fund, may foreclose the lien of general tax certificates of delinquency and purchase the property at foreclosure sale; when doing so the court costs, costs of publication, expense for clerical work and other expenses incidental thereto shall be charged to and paid from the local improvement guaranty fund.

After acquiring title to property by purchase at general tax foreclosure sale or from the county after foreclosure, a city or town may lease it or sell it at public or private sale at such price on such terms as may be determined by resolution of the council. All proceeds shall belong to and be paid into the local improvement guaranty fund. [1965 c 7 s 35.54.080. Prior: 1933 c 109 s 1, part; 1927 c 209 s 3, part; 1925 ex.s. c 183 s 3, part; 1923 c 141 s 3, part; RRS s 9351-3, part.]

**RCW 35.54.090 Warrants against fund.** Warrants drawing interest at a rate established by the issuing officer under the direction of the legislative authority of the city or town shall be issued against the local improvement guaranty fund to meet any liability accruing against it. The warrants so issued shall at no time exceed five percent of the outstanding obligations guaranteed by the fund. [1981 c 323 s 8; 1965 c 7 s 35.54.090. Prior: 1933 c 109 s 1, part; 1927 c 209 s 3, part; 1925 ex.s. c 183 s 3, part; 1923 c 141 s 3, part; RRS s 9351-3, part.]

**RCW 35.54.095 Transfer of assets to general fund—When authorized—Payment of claims as general obligation, when.** (1) Any city or town maintaining a local improvement guaranty fund under this chapter, upon certification by the city or town treasurer that the local improvement guaranty fund has sufficient funds currently on hand to meet all valid outstanding obligations of the fund and all other obligations of the fund reasonably expected to be incurred in the near future, may by ordinance transfer assets from such fund to its general fund. The net cash of the local improvement guaranty fund may be reduced by such transfer to an amount not less than ten percent of the net outstanding obligations guaranteed by such fund.

(2) If, at any time within five years of any transfer of assets from the local improvement guaranty fund to the general fund of a city or town, the net cash of the local improvement guaranty fund is reduced below the minimum amount specified in subsection (1) of this section, the city or town shall, to the extent of the amount transferred, pay valid claims against the local improvement guaranty fund as a general obligation of the city or town. In addition, such city or town shall pay all reasonable costs of collection necessarily incurred by the holders of valid claims against the local improvement guaranty fund. [1979 c 55 s 1.]

**RCW 35.54.100 Deferral of collection of assessments for economically disadvantaged persons—Payment from guaranty fund—Lien—Payment dates for deferred obligations.** Whenever payment of a local improvement district assessment is deferred pursuant to the provisions of RCW 35.43.250 the amount of the deferred assessment shall be paid out of the local improvement guaranty fund. The local improvement guaranty fund shall have a lien on the benefited property in an amount equal to the deferral together with interest as provided for by the establishing ordinance.

The lien may accumulate up to an amount not to exceed the sum of two installments: PROVIDED, That the ordinance creating the local improvement district may provide for one or additional deferrals of up to two installments. Local improvement assessment obligations deferred under chapter 137, Laws of 1972 ex. sess. shall become payable upon the earliest of the following dates:

- (1) Upon the date and pursuant to conditions established by the political subdivision granting the deferral; or
- (2) Upon the sale of property which has a deferred assessment lien upon it from the purchase price; or
- (3) Upon the death of the person to whom the deferral was granted from the value of his or her estate; except a surviving spouse shall be allowed to continue the deferral which shall then be payable by that spouse as provided in this section. [2009 c 549 s 2092; 1972 ex.s. c 137 s 3.]

**Severability—1972 ex.s. c 137:** See note following RCW 35.49.010.

**RCW 35.54.900 Construction—Chapter applicable to state registered domestic partnerships—2009 c 521.** For the purposes of this chapter, the terms spouse, marriage, marital, husband, wife, widow, widower, next of kin, and family shall be interpreted as applying equally to state registered domestic partnerships or individuals in state registered domestic partnerships as well as to marital relationships and married persons, and references to dissolution of marriage shall apply equally to state registered domestic partnerships that have been terminated, dissolved, or invalidated, to the extent that such interpretation does not conflict with federal law. Where necessary to implement chapter 521, Laws of 2009, gender-specific terms such as husband and wife used in any statute, rule, or other law shall be construed to be gender neutral, and applicable to individuals in state registered domestic partnerships. [2009 c 521 s 79.]

**Effective dates—2009 c 521 ss 5-8, 79, 87-103, 107, 151, 165, 166, 173-175, and 190-192: See note following RCW 2.10.900.**