

Chapter 474-02 WAC

NEWLY INCORPORATED CITY OR TOWN—PROCEDURES FOR REIMBURSEMENT OF MON- EYS BORROWED FROM MUNICIPAL SALES AND USE TAX EQUALIZATION ACCOUNT

Last Update: 5/16/00

WAC

474-02-010 New cities and towns—Standards for borrowing from municipal sales and use tax equalization account.

474-02-020 Appendix to WAC 474-02-010—Sample intergovernmental agreement.

WAC 474-02-010 New cities and towns—Standards for borrowing from municipal sales and use tax equalization account. (1) To borrow money from the municipal sales and use tax equalization account a new city or town must furnish a copy of the governing board's resolution establishing the official date of incorporation, declaring the population of the city or town, and stating the amount to be borrowed.

(2) Loans shall be repaid with interest, according to the terms of a loan agreement acceptable to the state treasurer, over a maximum period of three years. Each loan shall bear interest for the duration of the loan at the closing offering yield of the treasury note which matures closest to three years, as quoted by the *Wall Street Journal*, on the day prior to loan disbursement.

(3) Loans shall be repayable by the treasurer withholding moneys from the funds otherwise payable to the borrowing city or town, either from the municipal sales and use tax equalization account or from sales and use tax entitlements otherwise distributable to the borrowing city or town, so that the municipal sales and use tax equalization account is fully reimbursed over the period of the loan. Payments are to be made monthly until the borrowing city or town has paid all of the principal and interest owed under the loan agreement.

[Statutory Authority: RCW 35.02.135. WSR 00-11-084, § 474-02-010, filed 5/16/00, effective 6/16/00; WSR 95-19-029, § 474-02-010, filed 9/11/95, effective 10/12/95.]

WAC 474-02-020 Appendix to WAC 474-02-010—Sample intergovernmental agreement.

INTERGOVERNMENTAL AGREEMENT

The _____ of (City/Town) has submitted a request to the Washington State Treasurer (Treasurer) to borrow _____ from the Municipal Sales and Use Tax Equalization Account pursuant to RCW 35.02.135.

The City/Town and Treasurer have entered into this agreement, by which the City, as authorized by legally sufficient resolution of its governing body, shall borrow from the municipal sales and use tax equalization account the sum stated below and shall repay said sum according to the repayment terms and conditions stated herein:

1. Amount of loan _____.

2. Interest. Interest will be charged on unpaid principal until the full amount has been paid. Interest will be calculated on the average daily loan balance and will accrue monthly. The loan shall bear interest for the duration of the loan at the closing offering yield of the Treasury Note which matures closest to three years, as quoted by the *Wall Street Journal*, on the day prior to loan disbursement repayable as set forth in Section 3.

3. Repayment.

(A) Time of Payments.

City/Town will pay principal and interest by the Treasurer withholding moneys from the funds otherwise payable to City/Town, either from the municipal sales and use tax equalization account or from sales and use tax entitlements otherwise distributable to City/Town, so that the municipal sales and use tax equalization account is fully reimbursed over the period of the loan. Payments will be due on the last business day of each month beginning on _____. Payments will be made monthly until the City/Town has paid all of the principal and interest owed under this loan agreement. Monthly payments will be applied to interest before principal. Final payment of principal and interest owed is due on _____.

(B) Amount of City's/Town's Monthly Payments.

Each of City's/Town's monthly payments will be in the amount of _____, except for the last payment, due on _____, which will be in the amount of U.S. _____.

4. City's/Town's Right to Prepay.

City/Town has the right to make payments of principal at any time before they are due. City/Town may make a full prepayment or partial prepayments without paying any prepayment charge. Treasurer will use all of City's/Town's prepayments to reduce the amount of principal City/Town owes under this intergovernmental agreement. If City/Town makes a partial prepayment, there will be no changes in the due dates of City's/Town's monthly payments unless Treasurer agrees in writing to those changes. City's/Town's partial prepayments may reduce the amount of its monthly payments beginning with the first payment date following its partial prepayment.

5. Treasurer's Authority to Withdraw Moneys.

The City/Town acknowledges and agrees that Treasurer is authorized by the City/Town pursuant to RCW 35.02.135 and this agreement to withdraw from future tax distributions to the City/Town on the basis stated above. City/Town also agrees not to challenge or contest Treasurer's authority to withdraw moneys for the purposes of this loan.

6. Impact of Rules.

City/Town agrees that the terms and conditions of this agreement are subject to rules adopted by Treasurer pursuant to RCW 35.02.135, and that this agreement may be modified to reflect any changes to such rules effective following the execution of this intergovernmental agreement.

7. Scope of Agreement.

This agreement comprises the entire agreement of the parties with respect to the matters covered herein, and no agreement, statement, or promise made by any party which is not included herein shall be binding or valid.

8. Modification.

This agreement may be modified or amended only pursuant to Section 6 of this agreement or by a written agreement duly executed by all parties hereto.

9. Applicable Law.

This agreement shall be governed by the laws of the State of Washington, and any questions arising under this agreement shall be construed or determined according to such law. City/Town consents to the venue of any action brought under this agreement in any superior court in Thurston County, Washington.

The undersigned persons do hereby stipulate to the following:

I have the authority to sign this intergovernmental agreement, on behalf of the City/Town and the Treasurer.

For the City/Town:

Name	Title	Date
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For the Treasurer:

Name	Title	Date
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