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ENGROSSED SUBSTITUTE SENATE BILL 6839

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State of Washington

59th Legislature

2006 Regular Session

By Senate Committee on Transportation (originally sponsored by Senator Haugen)

READ FIRST TIME 02/07/06.

1 AN ACT Relating to transportation accounts and revenue  
2 distributions; amending RCW 46.68.035, 46.16.086, 46.16.162, 46.68.135,  
3 46.68.290, and 46.17.010; reenacting and amending RCW 43.84.092 and  
4 43.84.092; adding new sections to chapter 46.68 RCW; creating a new  
5 section; providing an effective date; and providing an expiration date.

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

7 **Sec. 1.** RCW 46.68.035 and 2005 c 314 s 205 are each amended to  
8 read as follows:

9 All proceeds from combined vehicle licensing fees received by the  
10 director for vehicles licensed under RCW 46.16.070 and 46.16.085(~~(, the~~  
11 ~~license fee under RCW 46.16.086, and the farm vehicle trip permit under~~  
12 ~~RCW 46.16.162)) shall be forwarded to the state treasurer to be  
13 distributed into accounts according to the following method:~~

14 (1) The sum of two dollars for each vehicle shall be deposited into  
15 the multimodal transportation account, except that for each vehicle  
16 registered by a county auditor or agent to a county auditor pursuant to  
17 RCW 46.01.140, the sum of two dollars shall be credited to the current  
18 county expense fund.

1 (2) The remainder and the proceeds from the license fee under RCW  
2 46.16.086 and the farm vehicle trip permit under RCW 46.16.162 shall be  
3 distributed as follows:

4 (a) (~~((24.00))~~) 22.36 percent shall be deposited into the state  
5 patrol highway account of the motor vehicle fund;

6 (b) (~~((1.8))~~) 1.375 percent shall be deposited into the Puget Sound  
7 ferry operations account of the motor vehicle fund;

8 (c) (~~((6.38))~~) 5.237 percent shall be deposited into the  
9 transportation 2003 account (nickel account); (~~and~~)

10 (d) (~~(On July 1, 2006, six million dollars shall be deposited into~~  
11 ~~the freight mobility investment account created in RCW 46.68.300 and~~  
12 ~~beginning on July 1, 2007, and every July 1st thereafter, three million~~  
13 ~~dollars shall be deposited into the freight mobility investment account~~  
14 ~~created in RCW 46.68.300;)) 11.533 percent shall be deposited into the  
15 transportation partnership account created in RCW 46.68.290; and~~

16 (e) The remaining proceeds shall be deposited into the motor  
17 vehicle fund.

18 **Sec. 2.** RCW 46.16.086 and 2005 c 314 s 203 are each amended to  
19 read as follows:

20 In lieu of the license tab fees provided in RCW 46.16.0621, private  
21 use single-axle trailers of two thousand pounds scale weight or less  
22 may be licensed upon the payment of a license fee in the sum of fifteen  
23 dollars, but only if the trailer is operated upon public highways. The  
24 license fee must be collected annually for each registration year or  
25 fraction of a registration year. This reduced license fee applies only  
26 to trailers operated for personal use of the owners, and not trailers  
27 held for rental to the public or used in any commercial or business  
28 endeavor. The proceeds from the fees collected under this section  
29 shall be distributed in accordance with RCW 46.68.035(2).

30 **Sec. 3.** RCW 46.16.162 and 2005 c 314 s 206 are each amended to  
31 read as follows:

32 (1) The owner of a farm vehicle licensed under RCW 46.16.090  
33 purchasing a monthly license under RCW 46.16.135 may, as an alternative  
34 to the first partial month of the license registration, secure and  
35 operate the vehicle under authority of a farm vehicle trip permit

1 issued by this state. The licensed gross weight may not exceed eighty  
2 thousand pounds for a combination of vehicles nor forty thousand pounds  
3 for a single unit vehicle with three or more axles.

4 (2) If a monthly license previously issued has expired, the owner  
5 of a farm vehicle may, as an alternative to purchasing a full monthly  
6 license, secure and operate the vehicle under authority of a farm  
7 vehicle trip permit issued by this state. The licensed gross weight  
8 may not exceed eighty thousand pounds for a combination of vehicles nor  
9 forty thousand pounds for a single unit vehicle with three or more  
10 axles.

11 (3) Each farm vehicle trip permit shall authorize the operation of  
12 a single vehicle at the maximum legal weight limit for the vehicle for  
13 the period remaining in the first month of monthly license, commencing  
14 with the day of first use. No more than four such permits may be used  
15 for any one vehicle in any twelve-month period. Every permit shall  
16 identify, as the department may require, the vehicle for which it is  
17 issued and shall be completed in its entirety and signed by the  
18 operator before operation of the vehicle on the public highways of this  
19 state. Correction of data on the permit such as dates, license number,  
20 or vehicle identification number invalidates the permit. The farm  
21 vehicle trip permit shall be displayed on the vehicle to which it is  
22 issued as prescribed by the department.

23 (4) Vehicles operating under authority of farm vehicle trip permits  
24 are subject to all laws, rules, and regulations affecting the operation  
25 of like vehicles in this state.

26 (5) Farm vehicle trip permits may be obtained from the department  
27 of licensing or agents and subagents appointed by the department. The  
28 fee for each farm vehicle trip permit is six dollars and twenty-five  
29 cents. Farm vehicle trip permits sold by the department's agents or  
30 subagents are subject to fees specified in RCW 46.01.140 (4)(a),  
31 (5)(b), or (6).

32 (6) The proceeds from farm vehicle trip permits received by the  
33 director shall be forwarded to the state treasurer to be distributed as  
34 provided in RCW 46.68.035(2).

35 (7) No exchange, credits, or refunds may be given for farm vehicle  
36 trip permits after they have been purchased.

37 (8) The department of licensing may adopt rules as it deems  
38 necessary to administer this section.

1       **Sec. 4.** RCW 46.68.135 and 2005 c 314 s 111 are each amended to  
2 read as follows:

3       (~~Beginning~~) By July 1, ((2007)) 2006, and each year thereafter,  
4 the state treasurer shall transfer (~~five~~) two and one-half million  
5 dollars from the multimodal account to the transportation  
6 infrastructure account created under RCW 82.44.190. The funds must be  
7 distributed for rail capital improvements only.

8       **Sec. 5.** RCW 46.68.290 and 2005 c 314 s 104 are each amended to  
9 read as follows:

10       (1) The transportation partnership account is hereby created in the  
11 state treasury. All distributions to the account from RCW 46.68.090  
12 must be deposited into the account. Money in the account may be spent  
13 only after appropriation. Expenditures from the account must be used  
14 only for projects or improvements identified as 2005 transportation  
15 partnership projects or improvements in the omnibus transportation  
16 appropriations act, including any principal and interest on bonds  
17 authorized for the projects or improvements.

18       (2) (~~If a regional transportation plan has not been adopted by~~  
19 ~~January 2007, the legislature intends to reprioritize allocation of~~  
20 ~~funding for the projects identified on the 2005 transportation~~  
21 ~~partnership project list so that complete and functioning~~  
22 ~~transportation projects can be constructed in a reasonable time.~~

23       (3) ~~By January 1, 2006, the transportation performance audit board~~  
24 ~~must develop performance measures and benchmarks for the evaluation of~~  
25 ~~the expenditures of the transportation partnership account. The board~~  
26 ~~must also develop an audit plan and schedule for audits of the~~  
27 ~~performance of the department of transportation's delivery of the plan~~  
28 ~~as defined by project list, schedule, and budget enacted by the~~  
29 ~~legislature.~~

30       (4)) The legislature finds that:

31       (a) Citizens demand and deserve accountability of transportation-  
32 related programs and expenditures. Transportation-related programs  
33 must continuously improve in quality, efficiency, and effectiveness in  
34 order to increase public trust;

35       (b) Transportation-related agencies that receive tax dollars must  
36 continuously improve the way they operate and deliver services so  
37 citizens receive maximum value for their tax dollars; and

1 (c) Fair, independent, comprehensive performance audits of  
2 transportation-related agencies overseen by the elected state auditor  
3 are essential to improving the efficiency, economy, and effectiveness  
4 of the state's transportation system.

5 ~~((+5))~~ (3) For purposes of chapter 314, Laws of 2005:

6 (a) "Performance audit" means an objective and systematic  
7 assessment of a state agency or agencies or any of their programs,  
8 functions, or activities by the state auditor or designee in order to  
9 help improve agency efficiency, effectiveness, and accountability.  
10 Performance audits include economy and efficiency audits and program  
11 audits.

12 (b) "Transportation-related agency" means any state agency, board,  
13 or commission that receives funding primarily for transportation-  
14 related purposes. At a minimum, the department of transportation, the  
15 transportation improvement board or its successor entity, the county  
16 road administration board or its successor entity, and the traffic  
17 safety commission are considered transportation-related agencies. The  
18 Washington state patrol and the department of licensing shall not be  
19 considered transportation-related agencies under chapter 314, Laws of  
20 2005.

21 ~~((+6))~~ (4) Within the authorities and duties under chapter 43.09  
22 RCW, the state auditor shall establish criteria and protocols for  
23 performance audits. Transportation-related agencies shall be audited  
24 using criteria that include generally accepted government auditing  
25 standards as well as legislative mandates and performance objectives  
26 established by state agencies. Mandates include, but are not limited  
27 to, agency strategies, timelines, program objectives, and mission and  
28 goals as required in RCW 43.88.090.

29 ~~((+7))~~ (5) Within the authorities and duties under chapter 43.09  
30 RCW, the state auditor may conduct performance audits for  
31 transportation-related agencies. The state auditor shall contract with  
32 private firms to conduct the performance audits.

33 ~~((+8))~~ (6) The audits may include:

34 (a) Identification of programs and services that can be eliminated,  
35 reduced, consolidated, or enhanced;

36 (b) Identification of funding sources to the transportation-related  
37 agency, to programs, and to services that can be eliminated, reduced,  
38 consolidated, or enhanced;

1 (c) Analysis of gaps and overlaps in programs and services and  
2 recommendations for improving, dropping, blending, or separating  
3 functions to correct gaps or overlaps;

4 (d) Analysis and recommendations for pooling information technology  
5 systems used within the transportation-related agency, and evaluation  
6 of information processing and telecommunications policy, organization,  
7 and management;

8 (e) Analysis of the roles and functions of the transportation-  
9 related agency, its programs, and its services and their compliance  
10 with statutory authority and recommendations for eliminating or  
11 changing those roles and functions and ensuring compliance with  
12 statutory authority;

13 (f) Recommendations for eliminating or changing statutes, rules,  
14 and policy directives as may be necessary to ensure that the  
15 transportation-related agency carry out reasonably and properly those  
16 functions vested in the agency by statute;

17 (g) Verification of the reliability and validity of transportation-  
18 related agency performance data, self-assessments, and performance  
19 measurement systems as required under RCW 43.88.090;

20 (h) Identification of potential cost savings in the transportation-  
21 related agency, its programs, and its services;

22 (i) Identification and recognition of best practices;

23 (j) Evaluation of planning, budgeting, and program evaluation  
24 policies and practices;

25 (k) Evaluation of personnel systems operation and management;

26 (l) Evaluation of purchasing operations and management policies and  
27 practices;

28 (m) Evaluation of organizational structure and staffing levels,  
29 particularly in terms of the ratio of managers and supervisors to  
30 nonmanagement personnel; and

31 (n) Evaluation of transportation-related project costs, including  
32 but not limited to environmental mitigation, competitive bidding  
33 practices, permitting processes, and capital project management.

34 ~~((+9))~~ (7) Within the authorities and duties under chapter 43.09  
35 RCW, the state auditor must provide the preliminary performance audit  
36 reports to the audited state agency for comment. The auditor also may  
37 seek input on the preliminary report from other appropriate officials.  
38 Comments must be received within thirty days after receipt of the

1 preliminary performance audit report unless a different time period is  
2 approved by the state auditor. The final performance audit report  
3 shall include the objectives, scope, and methodology; the audit  
4 results, including findings and recommendations; the agency's response  
5 and conclusions; and identification of best practices.

6 ~~((+10+))~~ (8) The state auditor shall provide final performance  
7 audit reports to the citizens of Washington, the governor, the joint  
8 legislative audit and review committee, the transportation performance  
9 audit board, the appropriate legislative committees, and other  
10 appropriate officials. Final performance audit reports shall be posted  
11 on the internet.

12 ~~((+11+))~~ (9) The audited transportation-related agency is  
13 responsible for follow-up and corrective action on all performance  
14 audit findings and recommendations. The audited agency's plan for  
15 addressing each audit finding and recommendation shall be included in  
16 the final audit report. The plan shall provide the name of the contact  
17 person responsible for each action, the action planned, and the  
18 anticipated completion date. If the audited agency does not agree with  
19 the audit findings and recommendations or believes action is not  
20 required, then the action plan shall include an explanation and  
21 specific reasons.

22 The office of financial management shall require periodic progress  
23 reports from the audited agency until all resolution has occurred. The  
24 office of financial management is responsible for achieving audit  
25 resolution. The office of financial management shall annually report  
26 by December 31st the status of performance audit resolution to the  
27 appropriate legislative committees and the state auditor. The  
28 legislature shall consider the performance audit results in connection  
29 with the state budget process.

30 The auditor may request status reports on specific audits or  
31 findings.

32 ~~((+12+))~~ (10) For the period from July 1, 2005, until June 30,  
33 2007, the amount of \$~~((4,000,000))~~ 2,000,000 is appropriated from the  
34 transportation partnership account to the state auditors office for the  
35 purposes of subsections ~~((+4+))~~ (2) through ~~((+11+))~~ (9) of this  
36 section.

37 ~~((+13+))~~ ~~When appointing the citizen members with performance~~

1 ~~measurement expertise to the transportation performance audit board,~~  
2 ~~the governor shall appoint the state auditor, or his or her designee.~~

3 ~~(14))~~ (11) If the state auditor's financial audit of a  
4 transportation-related agency implies that a performance audit is  
5 warranted, the transportation performance audit board shall include in  
6 its annual work plan the performance audit recommended by the state  
7 auditor.

8 NEW SECTION. **Sec. 6.** A new section is added to chapter 46.68 RCW  
9 to read as follows:

10 (1) On July 1, 2006, and by each July 1st thereafter, the state  
11 treasurer shall transfer from the transportation partnership account  
12 created in RCW 46.68.290:

13 (a) One million dollars to the small city pavement and sidewalk  
14 account created in RCW 47.26.340;

15 (b) Two and one-half million dollars to the transportation  
16 improvement account created in RCW 47.26.084; and

17 (c) One and one-half million dollars to the county arterial  
18 preservation account created in RCW 46.68.090(2)(i).

19 (2) On July 1, 2006, the state treasurer shall transfer six million  
20 dollars from the transportation partnership account created in RCW  
21 46.68.290 into the freight mobility investment account created in RCW  
22 46.68.300 and by July 1, 2007, and by every July 1st thereafter, three  
23 million dollars shall be deposited into the freight mobility investment  
24 account.

25 NEW SECTION. **Sec. 7.** A new section is added to chapter 46.68 RCW  
26 to read as follows:

27 The freight mobility multimodal account is created in the state  
28 treasury. Money in the account may be spent only after appropriation.  
29 Expenditures from the account may be used only for freight mobility  
30 projects identified in the omnibus transportation appropriations act,  
31 including any principal and interest on bonds authorized for the  
32 projects or improvements.

33 NEW SECTION. **Sec. 8.** A new section is added to chapter 46.68 RCW  
34 to read as follows:

35 (1) The regional mobility grant program account is hereby created

1 in the state treasury. Moneys in the account may be spent only after  
2 appropriation. Expenditures from the account may be used only for the  
3 grants provided under RCW 47.66.030.

4 (2) Beginning with September 2007, by the last day of September,  
5 December, March, and June of each year, the state treasurer shall  
6 transfer from the multimodal transportation account to the regional  
7 mobility grant program account five million dollars.

8 (3) Beginning with September 2015, by the last day of September,  
9 December, March, and June of each year, the state treasurer shall  
10 transfer from the multimodal transportation account to the regional  
11 mobility grant program account six million two hundred fifty thousand  
12 dollars.

13 **Sec. 9.** RCW 46.17.010 and 2005 c 314 s 201 are each amended to  
14 read as follows:

15 (1) There shall be paid and collected annually for motor vehicles  
16 subject to the fee under RCW 46.16.0621, except motor homes, a vehicle  
17 weight fee. The amount of the fee shall be based upon the vehicle  
18 scale weight, which is correlated with vehicle size and roadway lane  
19 usage. Fees imposed under this section must be used for transportation  
20 purposes, and shall not be used for the general support of state  
21 government. The vehicle weight fee shall be that portion of the fee as  
22 reflected on the scale weight set forth in schedule B provided in RCW  
23 46.16.070 that is in excess of the fee imposed under RCW 46.16.0621.  
24 This fee is due at the time of initial and renewal of vehicle  
25 registration.

26 (2) If the resultant weight according to this section is not listed  
27 in schedule B provided in RCW 46.16.070, it shall be increased to the  
28 next higher weight pursuant to chapter 46.44 RCW.

29 (3) For the purpose of administering this section, the department  
30 shall rely on the vehicle empty scale weights as provided by vehicle  
31 manufacturers, or other sources defined by the department, to determine  
32 the weight of each vehicle. The department shall adopt rules for  
33 determining weight for vehicles without manufacturer empty scale  
34 weights.

35 (4) The vehicle weight fee under this section is imposed to provide  
36 funds to mitigate the impact of vehicle loads on the state roads and  
37 highways and is separate and distinct from other vehicle license fees.

1 Proceeds from the fee may be used for transportation purposes, or for  
2 facilities and activities that reduce the number of vehicles or load  
3 weights on the state roads and highways.

4 (5) The vehicle weight fee collected under this section shall be  
5 deposited as follows:

6 (a) On July 1, 2006, six million dollars shall be deposited into  
7 the freight mobility (~~((investment))~~) multimodal account created in (~~(RCW~~  
8 ~~46.68.300)~~) section 7 of this act, and the remainder collected from  
9 (~~(January 1, 2006)~~) the effective date of this section, through June  
10 30, 2006, shall be deposited into the multimodal transportation  
11 account;

12 (b) Beginning July 1, 2007, and every July 1st thereafter, three  
13 million dollars shall be deposited into the freight mobility  
14 (~~((investment))~~) multimodal account created in (~~(RCW 46.68.300)~~) section  
15 7 of this act, and the remainder shall be deposited into the multimodal  
16 transportation account.

17 **Sec. 10.** RCW 43.84.092 and 2005 c 514 s 1105, 2005 c 353 s 3, 2005  
18 c 339 s 22, 2005 c 314 s 109, 2005 c 312 s 7, and 2005 c 94 s 1 are  
19 each reenacted and amended to read as follows:

20 (1) All earnings of investments of surplus balances in the state  
21 treasury shall be deposited to the treasury income account, which  
22 account is hereby established in the state treasury.

23 (2) The treasury income account shall be utilized to pay or receive  
24 funds associated with federal programs as required by the federal cash  
25 management improvement act of 1990. The treasury income account is  
26 subject in all respects to chapter 43.88 RCW, but no appropriation is  
27 required for refunds or allocations of interest earnings required by  
28 the cash management improvement act. Refunds of interest to the  
29 federal treasury required under the cash management improvement act  
30 fall under RCW 43.88.180 and shall not require appropriation. The  
31 office of financial management shall determine the amounts due to or  
32 from the federal government pursuant to the cash management improvement  
33 act. The office of financial management may direct transfers of funds  
34 between accounts as deemed necessary to implement the provisions of the  
35 cash management improvement act, and this subsection. Refunds or  
36 allocations shall occur prior to the distributions of earnings set  
37 forth in subsection (4) of this section.

1 (3) Except for the provisions of RCW 43.84.160, the treasury income  
2 account may be utilized for the payment of purchased banking services  
3 on behalf of treasury funds including, but not limited to, depository,  
4 safekeeping, and disbursement functions for the state treasury and  
5 affected state agencies. The treasury income account is subject in all  
6 respects to chapter 43.88 RCW, but no appropriation is required for  
7 payments to financial institutions. Payments shall occur prior to  
8 distribution of earnings set forth in subsection (4) of this section.

9 (4) Monthly, the state treasurer shall distribute the earnings  
10 credited to the treasury income account. The state treasurer shall  
11 credit the general fund with all the earnings credited to the treasury  
12 income account except:

13 (a) The following accounts and funds shall receive their  
14 proportionate share of earnings based upon each account's and fund's  
15 average daily balance for the period: The capitol building  
16 construction account, the Cedar River channel construction and  
17 operation account, the Central Washington University capital projects  
18 account, the charitable, educational, penal and reformatory  
19 institutions account, the common school construction fund, the county  
20 criminal justice assistance account, the county sales and use tax  
21 equalization account, the data processing building construction  
22 account, the deferred compensation administrative account, the deferred  
23 compensation principal account, the department of retirement systems  
24 expense account, the developmental disabilities community trust  
25 account, the drinking water assistance account, the drinking water  
26 assistance administrative account, the drinking water assistance  
27 repayment account, the Eastern Washington University capital projects  
28 account, the education construction fund, the education legacy trust  
29 account, the election account, the emergency reserve fund, The  
30 Evergreen State College capital projects account, the federal forest  
31 revolving account, the freight mobility investment account, the freight  
32 mobility multimodal account, the health services account, the public  
33 health services account, the health system capacity account, the  
34 personal health services account, the state higher education  
35 construction account, the higher education construction account, the  
36 highway infrastructure account, the high-occupancy toll lanes  
37 operations account, the industrial insurance premium refund account,  
38 the judges' retirement account, the judicial retirement administrative

1 account, the judicial retirement principal account, the local leasehold  
2 excise tax account, the local real estate excise tax account, the local  
3 sales and use tax account, the medical aid account, the mobile home  
4 park relocation fund, the multimodal transportation account, the  
5 municipal criminal justice assistance account, the municipal sales and  
6 use tax equalization account, the natural resources deposit account,  
7 the oyster reserve land account, the perpetual surveillance and  
8 maintenance account, the public employees' retirement system plan 1  
9 account, the public employees' retirement system combined plan 2 and  
10 plan 3 account, the public facilities construction loan revolving  
11 account beginning July 1, 2004, the public health supplemental account,  
12 the Puyallup tribal settlement account, the real estate appraiser  
13 commission account, the regional mobility grant program account, the  
14 regional transportation investment district account, the resource  
15 management cost account, the rural Washington loan fund, the site  
16 closure account, the small city pavement and sidewalk account, the  
17 special wildlife account, the state employees' insurance account, the  
18 state employees' insurance reserve account, the state investment board  
19 expense account, the state investment board commingled trust fund  
20 accounts, the supplemental pension account, the Tacoma Narrows toll  
21 bridge account, the teachers' retirement system plan 1 account, the  
22 teachers' retirement system combined plan 2 and plan 3 account, the  
23 tobacco prevention and control account, the tobacco settlement account,  
24 the transportation infrastructure account, the transportation  
25 partnership account, the tuition recovery trust fund, the University of  
26 Washington bond retirement fund, the University of Washington building  
27 account, the volunteer fire fighters' and reserve officers' relief and  
28 pension principal fund, the volunteer fire fighters' and reserve  
29 officers' administrative fund, the Washington fruit express account,  
30 the Washington judicial retirement system account, the Washington law  
31 enforcement officers' and fire fighters' system plan 1 retirement  
32 account, the Washington law enforcement officers' and fire fighters'  
33 system plan 2 retirement account, the Washington school employees'  
34 retirement system combined plan 2 and 3 account, the Washington state  
35 health insurance pool account, the Washington state patrol retirement  
36 account, the Washington State University building account, the  
37 Washington State University bond retirement fund, the water pollution  
38 control revolving fund, and the Western Washington University capital

1 projects account. Earnings derived from investing balances of the  
2 agricultural permanent fund, the normal school permanent fund, the  
3 permanent common school fund, the scientific permanent fund, and the  
4 state university permanent fund shall be allocated to their respective  
5 beneficiary accounts. All earnings to be distributed under this  
6 subsection (4)(a) shall first be reduced by the allocation to the state  
7 treasurer's service fund pursuant to RCW 43.08.190.

8 (b) The following accounts and funds shall receive eighty percent  
9 of their proportionate share of earnings based upon each account's or  
10 fund's average daily balance for the period: The aeronautics account,  
11 the aircraft search and rescue account, the county arterial  
12 preservation account, the department of licensing services account, the  
13 essential rail assistance account, the ferry bond retirement fund, the  
14 grade crossing protective fund, the high capacity transportation  
15 account, the highway bond retirement fund, the highway safety account,  
16 the motor vehicle fund, the motorcycle safety education account, the  
17 pilotage account, the public transportation systems account, the Puget  
18 Sound capital construction account, the Puget Sound ferry operations  
19 account, the recreational vehicle account, the rural arterial trust  
20 account, the safety and education account, the special category C  
21 account, the state patrol highway account, the transportation 2003  
22 account (nickel account), the transportation equipment fund, the  
23 transportation fund, the transportation improvement account, the  
24 transportation improvement board bond retirement account, and the urban  
25 arterial trust account.

26 (5) In conformance with Article II, section 37 of the state  
27 Constitution, no treasury accounts or funds shall be allocated earnings  
28 without the specific affirmative directive of this section.

29 **Sec. 11.** RCW 43.84.092 and 2005 c 514 s 1106, 2005 c 353 s 4, 2005  
30 c 339 s 23, 2005 c 314 s 110, 2005 c 312 s 8, and 2005 c 94 s 2 are  
31 each reenacted and amended to read as follows:

32 (1) All earnings of investments of surplus balances in the state  
33 treasury shall be deposited to the treasury income account, which  
34 account is hereby established in the state treasury.

35 (2) The treasury income account shall be utilized to pay or receive  
36 funds associated with federal programs as required by the federal cash  
37 management improvement act of 1990. The treasury income account is

1 subject in all respects to chapter 43.88 RCW, but no appropriation is  
2 required for refunds or allocations of interest earnings required by  
3 the cash management improvement act. Refunds of interest to the  
4 federal treasury required under the cash management improvement act  
5 fall under RCW 43.88.180 and shall not require appropriation. The  
6 office of financial management shall determine the amounts due to or  
7 from the federal government pursuant to the cash management improvement  
8 act. The office of financial management may direct transfers of funds  
9 between accounts as deemed necessary to implement the provisions of the  
10 cash management improvement act, and this subsection. Refunds or  
11 allocations shall occur prior to the distributions of earnings set  
12 forth in subsection (4) of this section.

13 (3) Except for the provisions of RCW 43.84.160, the treasury income  
14 account may be utilized for the payment of purchased banking services  
15 on behalf of treasury funds including, but not limited to, depository,  
16 safekeeping, and disbursement functions for the state treasury and  
17 affected state agencies. The treasury income account is subject in all  
18 respects to chapter 43.88 RCW, but no appropriation is required for  
19 payments to financial institutions. Payments shall occur prior to  
20 distribution of earnings set forth in subsection (4) of this section.

21 (4) Monthly, the state treasurer shall distribute the earnings  
22 credited to the treasury income account. The state treasurer shall  
23 credit the general fund with all the earnings credited to the treasury  
24 income account except:

25 (a) The following accounts and funds shall receive their  
26 proportionate share of earnings based upon each account's and fund's  
27 average daily balance for the period: The capitol building  
28 construction account, the Cedar River channel construction and  
29 operation account, the Central Washington University capital projects  
30 account, the charitable, educational, penal and reformatory  
31 institutions account, the common school construction fund, the county  
32 criminal justice assistance account, the county sales and use tax  
33 equalization account, the data processing building construction  
34 account, the deferred compensation administrative account, the deferred  
35 compensation principal account, the department of retirement systems  
36 expense account, the developmental disabilities community trust  
37 account, the drinking water assistance account, the drinking water  
38 assistance administrative account, the drinking water assistance

1 repayment account, the Eastern Washington University capital projects  
2 account, the education construction fund, the education legacy trust  
3 account, the election account, the emergency reserve fund, The  
4 Evergreen State College capital projects account, the federal forest  
5 revolving account, the freight mobility investment account, the freight  
6 mobility multimodal account, the health services account, the public  
7 health services account, the health system capacity account, the  
8 personal health services account, the state higher education  
9 construction account, the higher education construction account, the  
10 highway infrastructure account, the high-occupancy toll lanes  
11 operations account, the industrial insurance premium refund account,  
12 the judges' retirement account, the judicial retirement administrative  
13 account, the judicial retirement principal account, the local leasehold  
14 excise tax account, the local real estate excise tax account, the local  
15 sales and use tax account, the medical aid account, the mobile home  
16 park relocation fund, the multimodal transportation account, the  
17 municipal criminal justice assistance account, the municipal sales and  
18 use tax equalization account, the natural resources deposit account,  
19 the oyster reserve land account, the perpetual surveillance and  
20 maintenance account, the public employees' retirement system plan 1  
21 account, the public employees' retirement system combined plan 2 and  
22 plan 3 account, the public facilities construction loan revolving  
23 account beginning July 1, 2004, the public health supplemental account,  
24 the public works assistance account, the Puyallup tribal settlement  
25 account, the real estate appraiser commission account, the regional  
26 mobility grant program account, the regional transportation investment  
27 district account, the resource management cost account, the rural  
28 Washington loan fund, the site closure account, the small city pavement  
29 and sidewalk account, the special wildlife account, the state  
30 employees' insurance account, the state employees' insurance reserve  
31 account, the state investment board expense account, the state  
32 investment board commingled trust fund accounts, the supplemental  
33 pension account, the Tacoma Narrows toll bridge account, the teachers'  
34 retirement system plan 1 account, the teachers' retirement system  
35 combined plan 2 and plan 3 account, the tobacco prevention and control  
36 account, the tobacco settlement account, the transportation  
37 infrastructure account, the transportation partnership account, the  
38 tuition recovery trust fund, the University of Washington bond

1 retirement fund, the University of Washington building account, the  
2 volunteer fire fighters' and reserve officers' relief and pension  
3 principal fund, the volunteer fire fighters' and reserve officers'  
4 administrative fund, the Washington fruit express account, the  
5 Washington judicial retirement system account, the Washington law  
6 enforcement officers' and fire fighters' system plan 1 retirement  
7 account, the Washington law enforcement officers' and fire fighters'  
8 system plan 2 retirement account, the Washington public safety  
9 employees' plan 2 retirement account, the Washington school employees'  
10 retirement system combined plan 2 and 3 account, the Washington state  
11 health insurance pool account, the Washington state patrol retirement  
12 account, the Washington State University building account, the  
13 Washington State University bond retirement fund, the water pollution  
14 control revolving fund, and the Western Washington University capital  
15 projects account. Earnings derived from investing balances of the  
16 agricultural permanent fund, the normal school permanent fund, the  
17 permanent common school fund, the scientific permanent fund, and the  
18 state university permanent fund shall be allocated to their respective  
19 beneficiary accounts. All earnings to be distributed under this  
20 subsection (4)(a) shall first be reduced by the allocation to the state  
21 treasurer's service fund pursuant to RCW 43.08.190.

22 (b) The following accounts and funds shall receive eighty percent  
23 of their proportionate share of earnings based upon each account's or  
24 fund's average daily balance for the period: The aeronautics account,  
25 the aircraft search and rescue account, the county arterial  
26 preservation account, the department of licensing services account, the  
27 essential rail assistance account, the ferry bond retirement fund, the  
28 grade crossing protective fund, the high capacity transportation  
29 account, the highway bond retirement fund, the highway safety account,  
30 the motor vehicle fund, the motorcycle safety education account, the  
31 pilotage account, the public transportation systems account, the Puget  
32 Sound capital construction account, the Puget Sound ferry operations  
33 account, the recreational vehicle account, the rural arterial trust  
34 account, the safety and education account, the special category C  
35 account, the state patrol highway account, the transportation 2003  
36 account (nickel account), the transportation equipment fund, the  
37 transportation fund, the transportation improvement account, the

1 transportation improvement board bond retirement account, and the urban  
2 arterial trust account.

3 (5) In conformance with Article II, section 37 of the state  
4 Constitution, no treasury accounts or funds shall be allocated earnings  
5 without the specific affirmative directive of this section.

6 NEW SECTION. **Sec. 12.** Section 10 of this act expires July 1,  
7 2006.

8 NEW SECTION. **Sec. 13.** Section 11 of this act takes effect July 1,  
9 2006.

10 NEW SECTION. **Sec. 14.** Section 1 of this act applies to license  
11 fees due on or after July 1, 2006.

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