

# SENATE BILL REPORT

## SB 6023

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As Reported By Senate Committee On:  
Transportation, March 2, 1995

**Title:** An act relating to interest on accounts and funds.

**Brief Description:** Revising provision for distribution of surplus balance investment earnings.

**Sponsors:** Senators Owen, Prince, Heavey, Morton, Kohl, Wood, Oke, Schow, Rasmussen, Sellar, Haugen, Prentice and Fairley.

**Brief History:**

**Committee Activity:** Transportation: 3/2/95 [DP].

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### SENATE COMMITTEE ON TRANSPORTATION

**Majority Report:** Do pass.

Signed by Senators Owen, Chair; Heavey, Vice Chair; Fairley, Haugen, Kohl, Morton, Oke, Prentice, Prince, Rasmussen, Schow, Sellar and Wood.

**Staff:** Jeff Doyle (786-7322)

**Background:** During the 1993 legislative session, the interest earned on transportation-related accounts was transferred from those accounts to the general fund-state basic account and spent on general government purposes. Only two accounts, the motor vehicle fund and the transportation fund, were permitted to keep their interest earnings.

The transfer of all interest earnings to the general fund-state basic account was done because the general fund was projecting a revenue shortfall for the 1993-95 biennium.

Under Initiative 601, the general fund spending limit takes effect on July 1, 1995. Currently, the projected revenue flowing into the GF-S basic account is greater than the amount that can be spent during the 1995-97 biennium.

The I-601 spending limit applies only to general fund expenditures. The initiative does not restrict expenditures from the transportation-related accounts.

There are some accounts that contain gas tax revenues, which are restricted to use for "highway purposes" under Amendment 18 to the state Constitution. The interest on these moneys, however, are being swept away to the general fund and spent on general government purposes. It is likely that this use of 18th Amendment money for non-highway purposes is unconstitutional.

If the interest earnings are restored to the transportation-related accounts prior to July 1, 1995, OFM has ruled that the general fund spending limit does not need to be lowered.

**Summary of Bill:** Eighty percent of interest earnings on transportation-related accounts remain in those accounts, rather than being transferred to the general fund-state to be spent for general government purposes. This restores the law as it existed prior to the 1993 legislative session.

**Appropriation:** None.

**Fiscal Note:** Not requested.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Testimony For:** None.

**Testimony Against:** None.

**Testified:** No one.