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**SUBSTITUTE HOUSE BILL 2727**

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**State of Washington**

**54th Legislature**

**1996 Regular Session**

**By** House Committee on Transportation (originally sponsored by Representatives K. Schmidt and Blanton)

Read first time 02/02/96.

1 AN ACT Relating to establishing a state infrastructure bank;  
2 reenacting and amending RCW 43.84.092; adding new sections to chapter  
3 82.44 RCW; adding a new section to chapter 46.68 RCW; and declaring an  
4 emergency.

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

6 NEW SECTION. **Sec. 1.** A new section is added to chapter 82.44 RCW  
7 to read as follows:

8 The legislature finds that new financing mechanisms are necessary  
9 to provide greater flexibility and additional funds for needed  
10 transportation infrastructure projects in the state. The creation of  
11 a financing mechanism, like the one contained in section 350 of the  
12 national highway system designation act of 1995, P.L. 104-59, relating  
13 to a state infrastructure bank program, will enable the state and local  
14 jurisdictions to use federal, state, local, or private funds to  
15 construct surface transportation projects for various modes of  
16 transportation. It is the intent of the legislature that accounts be  
17 created in the state treasury and dedicated funding sources be  
18 established to generate revenue to support transportation projects  
19 financed with the proceeds of bonds or other financial instruments

1 issued against this dedicated revenue and other revenues which may be  
2 available to these accounts. P.L. 104-59 allows the deposit of certain  
3 federal highway and transit funds into these accounts to leverage other  
4 forms of investment in transportation infrastructure by expanding the  
5 eligible uses of the federal funds. Other public and private entities  
6 may also deposit funds into these accounts to leverage transportation  
7 investments. The purpose of this act is to provide, from these  
8 accounts, authorization for loans, grants, or other means of  
9 assistance, in amounts equal to all or part of the cost, to public or  
10 private entities building surface transportation facilities in this  
11 state. It is the further intent of the legislature that projects  
12 representing critical mobility or economic development needs and  
13 involving various transportation modes and jurisdictions receive top  
14 priority in the use of these funds. Funds from the accounts created in  
15 this act may be used to support the issuance of public or private debt,  
16 to provide credit enhancement for such debt, for direct loans to public  
17 or private entities, or for other purposes necessary to facilitate  
18 investment in surface transportation facilities in this state.

19 NEW SECTION. **Sec. 2.** A new section is added to chapter 82.44 RCW  
20 to read as follows:

21 The transportation infrastructure account is hereby created in the  
22 transportation fund. Public and private entities may deposit moneys in  
23 the transportation infrastructure account from federal, state, local,  
24 or private sources. Proceeds from bonds or other financial instruments  
25 sold to finance surface transportation projects from the transportation  
26 infrastructure account shall be deposited into the account. Principal  
27 and interest payments made on loans from the transportation  
28 infrastructure account shall be deposited into the account. Moneys in  
29 the account shall be available for purposes specified in section 1 of  
30 this act. Expenditures from the transportation infrastructure account  
31 shall be subject to appropriation by the legislature. To the extent  
32 required by federal law or regulations promulgated by the United States  
33 secretary of transportation, the state treasurer is authorized to  
34 create separate subaccounts within the transportation infrastructure  
35 account.

36 NEW SECTION. **Sec. 3.** A new section is added to chapter 46.68 RCW  
37 to read as follows:

1       The highway infrastructure account is hereby created in the motor  
2 vehicle fund. Public and private entities may deposit moneys in the  
3 highway infrastructure account from federal, state, local, or private  
4 sources. Proceeds from bonds or other financial instruments sold to  
5 finance surface transportation projects from the highway infrastructure  
6 account shall be deposited into the account. Principal and interest  
7 payments made on loans from the highway infrastructure account shall be  
8 deposited into the account. Moneys in the account shall be available  
9 for purposes specified in section 1 of this act. Expenditures from the  
10 highway infrastructure account shall be subject to appropriation by the  
11 legislature. To the extent required by federal law or regulations  
12 promulgated by the United States secretary of transportation, the state  
13 treasurer is authorized to create separate subaccounts within the  
14 highway infrastructure account.

15       **Sec. 4.** RCW 43.84.092 and 1995 c 394 s 1 and 1995 c 122 s 12 are  
16 each reenacted and amended to read as follows:

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

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

35       (3) Except for the provisions of RCW 43.84.160, the treasury income  
36 account may be utilized for the payment of purchased banking services  
37 on behalf of treasury funds including, but not limited to, depository,  
38 safekeeping, and disbursement functions for the state treasury and

1 affected state agencies. The treasury income account is subject in all  
2 respects to chapter 43.88 RCW, but no appropriation is required for  
3 payments to financial institutions. Payments shall occur prior to  
4 distribution of earnings set forth in subsection (4) of this section.

5 (4) Monthly, the state treasurer shall distribute the earnings  
6 credited to the treasury income account. The state treasurer shall  
7 credit the general fund with all the earnings credited to the treasury  
8 income account except:

9 (a) The following accounts and funds shall receive their  
10 proportionate share of earnings based upon each account's and fund's  
11 average daily balance for the period: The capitol building  
12 construction account, the Cedar River channel construction and  
13 operation account, the Central Washington University capital projects  
14 account, the charitable, educational, penal and reformatory  
15 institutions account, the common school construction fund, the county  
16 criminal justice assistance account, the county sales and use tax  
17 equalization account, the data processing building construction  
18 account, the deferred compensation administrative account, the deferred  
19 compensation principal account, the department of retirement systems  
20 expense account, the Eastern Washington University capital projects  
21 account, the education construction fund, the emergency reserve fund,  
22 the federal forest revolving account, the health services account, the  
23 public health services account, the health system capacity account, the  
24 personal health services account, the highway infrastructure account,  
25 the industrial insurance premium refund account, the judges' retirement  
26 account, the judicial retirement administrative account, the judicial  
27 retirement principal account, the local leasehold excise tax account,  
28 the local real estate excise tax account, the local sales and use tax  
29 account, the medical aid account, the mobile home park relocation fund,  
30 the municipal criminal justice assistance account, the municipal sales  
31 and use tax equalization account, the natural resources deposit  
32 account, the perpetual surveillance and maintenance account, the public  
33 employees' retirement system plan I account, the public employees'  
34 retirement system plan II account, the Puyallup tribal settlement  
35 account, the resource management cost account, the site closure  
36 account, the special wildlife account, the state employees' insurance  
37 account, the state employees' insurance reserve account, the state  
38 investment board expense account, the state investment board commingled  
39 trust fund accounts, the supplemental pension account, the teachers'

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

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

1 the transportation equipment fund, the transportation fund, the  
2 transportation improvement account, the transportation revolving loan  
3 account, and the urban arterial trust account.

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

7 NEW SECTION. **Sec. 5.** This act is necessary for the immediate  
8 preservation of the public peace, health, or safety, or support of the  
9 state government and its existing public institutions, and shall take  
10 effect immediately.

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