

CERTIFICATION OF ENROLLMENT

**SUBSTITUTE SENATE BILL 5797**

Chapter 120, Laws of 2011

62nd Legislature  
2011 Regular Session

URBAN ARTERIAL TRUST ACCOUNT--ELIMINATION

EFFECTIVE DATE: 07/22/11

Passed by the Senate March 3, 2011  
YEAS 47 NAYS 0

BRAD OWEN

\_\_\_\_\_  
**President of the Senate**

Passed by the House April 5, 2011  
YEAS 96 NAYS 0

FRANK CHOPP

\_\_\_\_\_  
**Speaker of the House of Representatives**

Approved April 18, 2011, 2:59 p.m.

CHRISTINE GREGOIRE

\_\_\_\_\_  
**Governor of the State of Washington**

CERTIFICATE

I, Thomas Hoemann, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **SUBSTITUTE SENATE BILL 5797** as passed by the Senate and the House of Representatives on the dates hereon set forth.

THOMAS HOEMANN

\_\_\_\_\_  
**Secretary**

FILED

April 19, 2011

**Secretary of State  
State of Washington**

---

**SUBSTITUTE SENATE BILL 5797**

---

Passed Legislature - 2011 Regular Session

**State of Washington                      62nd Legislature                      2011 Regular Session**

**By Senate Transportation (originally sponsored by Senators Fain and Haugen)**

READ FIRST TIME 02/25/11.

1            AN ACT Relating to eliminating the urban arterial trust account;  
2 amending RCW 36.70A.340, 46.68.090, 46.68.110, 47.26.084, 47.26.086,  
3 47.26.190, 47.26.140, 47.26.423, 47.26.425, 47.26.4252, and 47.26.4254;  
4 reenacting and amending RCW 43.84.092; decodifying RCW 46.68.160; and  
5 repealing RCW 47.26.080.

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

7            NEW SECTION.    **Sec. 1.** RCW 47.26.080 (Urban arterial trust  
8 account--Withholding of funds for noncompliance) and 2007 c 148 s 2,  
9 1999 c 94 s 16, 1994 c 179 s 8, 1991 sp.s. c 32 s 32, 1988 c 167 s 13,  
10 1981 c 315 s 2, 1979 c 5 s 1, 1977 ex.s. c 317 s 22, & 1967 ex.s. c 83  
11 s 14 are each repealed.

12            **Sec. 2.** RCW 36.70A.340 and 1991 sp.s. c 32 s 26 are each amended  
13 to read as follows:

14            Upon receipt from the board of a finding that a state agency,  
15 county, or city is in noncompliance under RCW 36.70A.330, or as a  
16 result of failure to meet the requirements of RCW 36.70A.210, the  
17 governor may either:

1 (1) Notify and direct the director of the office of financial  
2 management to revise allotments in appropriation levels;

3 (2) Notify and direct the state treasurer to withhold the portion  
4 of revenues to which the county or city is entitled under one or more  
5 of the following: The motor vehicle fuel tax, as provided in chapter  
6 82.36 RCW; the transportation improvement account, as provided in RCW  
7 47.26.084; (~~the urban arterial trust account, as provided in RCW~~  
8 ~~47.26.080~~)) the rural arterial trust account, as provided in RCW  
9 36.79.150; the sales and use tax, as provided in chapter 82.14 RCW; the  
10 liquor profit tax, as provided in RCW 66.08.190; and the liquor excise  
11 tax, as provided in RCW 82.08.170; or

12 (3) File a notice of noncompliance with the secretary of state and  
13 the county or city, which shall temporarily rescind the county or  
14 city's authority to collect the real estate excise tax under RCW  
15 82.46.030 until the governor files a notice rescinding the notice of  
16 noncompliance.

17 **Sec. 3.** RCW 43.84.092 and 2010 1st sp.s. c 30 s 20, 2010 1st sp.s.  
18 c 9 s 7, 2010 c 248 s 6, 2010 c 222 s 5, 2010 c 162 s 6, and 2010 c 145  
19 s 11 are 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 aeronautics account, the  
16 aircraft search and rescue account, the budget stabilization account,  
17 the capitol building construction account, the Cedar River channel  
18 construction and operation account, the Central Washington University  
19 capital projects account, the charitable, educational, penal and  
20 reformatory institutions account, the cleanup settlement account, the  
21 Columbia river basin water supply development account, the common  
22 school construction fund, the county arterial preservation account, the  
23 county criminal justice assistance account, the county sales and use  
24 tax equalization account, the deferred compensation administrative  
25 account, the deferred compensation principal account, the department of  
26 licensing services account, the department of retirement systems  
27 expense account, the developmental disabilities community trust  
28 account, the drinking water assistance account, the drinking water  
29 assistance administrative account, the drinking water assistance  
30 repayment account, the Eastern Washington University capital projects  
31 account, the education construction fund, the education legacy trust  
32 account, the election account, the energy freedom account, the energy  
33 recovery act account, the essential rail assistance account, The  
34 Evergreen State College capital projects account, the federal forest  
35 revolving account, the ferry bond retirement fund, the freight  
36 congestion relief account, the freight mobility investment account, the  
37 freight mobility multimodal account, the grade crossing protective  
38 fund, the public health services account, the health system capacity

1 account, the high capacity transportation account, the state higher  
2 education construction account, the higher education construction  
3 account, the highway bond retirement fund, the highway infrastructure  
4 account, the highway safety account, the high occupancy toll lanes  
5 operations account, the hospital safety net assessment fund, the  
6 industrial insurance premium refund account, the judges' retirement  
7 account, the judicial retirement administrative account, the judicial  
8 retirement principal account, the local leasehold excise tax account,  
9 the local real estate excise tax account, the local sales and use tax  
10 account, the marine resources stewardship trust account, the medical  
11 aid account, the mobile home park relocation fund, the motor vehicle  
12 fund, the motorcycle safety education account, the multiagency  
13 permitting team account, the multimodal transportation account, the  
14 municipal criminal justice assistance account, the municipal sales and  
15 use tax equalization account, the natural resources deposit account,  
16 the oyster reserve land account, the pension funding stabilization  
17 account, the perpetual surveillance and maintenance account, the public  
18 employees' retirement system plan 1 account, the public employees'  
19 retirement system combined plan 2 and plan 3 account, the public  
20 facilities construction loan revolving account beginning July 1, 2004,  
21 the public health supplemental account, the public transportation  
22 systems account, the public works assistance account, the Puget Sound  
23 capital construction account, the Puget Sound ferry operations account,  
24 the Puyallup tribal settlement account, the real estate appraiser  
25 commission account, the recreational vehicle account, the regional  
26 mobility grant program account, the resource management cost account,  
27 the rural arterial trust account, the rural Washington loan fund, the  
28 site closure account, the small city pavement and sidewalk account, the  
29 special category C 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 state patrol  
33 highway account, the state route number 520 civil penalties account,  
34 the state route number 520 corridor account, the supplemental pension  
35 account, the Tacoma Narrows toll bridge account, the teachers'  
36 retirement system plan 1 account, the teachers' retirement system  
37 combined plan 2 and plan 3 account, the tobacco prevention and control  
38 account, the tobacco settlement account, the transportation 2003

1 account (nickel account), the transportation equipment fund, the  
2 transportation fund, the transportation improvement account, the  
3 transportation improvement board bond retirement account, the  
4 transportation infrastructure account, the transportation partnership  
5 account, the traumatic brain injury account, the tuition recovery trust  
6 fund, the University of Washington bond retirement fund, the University  
7 of Washington building account, (~~the urban arterial trust account,~~)  
8 the volunteer firefighters' and reserve officers' relief and pension  
9 principal fund, the volunteer firefighters' and reserve officers'  
10 administrative fund, the Washington judicial retirement system account,  
11 the Washington law enforcement officers' and firefighters' system plan  
12 1 retirement account, the Washington law enforcement officers' and  
13 firefighters' system plan 2 retirement account, the Washington public  
14 safety employees' plan 2 retirement account, the Washington school  
15 employees' retirement system combined plan 2 and 3 account, the  
16 Washington state health insurance pool account, the Washington state  
17 patrol retirement account, the Washington State University building  
18 account, the Washington State University bond retirement fund, the  
19 water pollution control revolving fund, and the Western Washington  
20 University capital projects account. Earnings derived from investing  
21 balances of the agricultural permanent fund, the normal school  
22 permanent fund, the permanent common school fund, the scientific  
23 permanent fund, and the state university permanent fund shall be  
24 allocated to their respective beneficiary accounts.

25 (b) Any state agency that has independent authority over accounts  
26 or funds not statutorily required to be held in the state treasury that  
27 deposits funds into a fund or account in the state treasury pursuant to  
28 an agreement with the office of the state treasurer shall receive its  
29 proportionate share of earnings based upon each account's or fund's  
30 average daily balance for the period.

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

34 **Sec. 4.** RCW 46.68.090 and 2005 c 314 s 103 are each amended to  
35 read as follows:

36 (1) All moneys that have accrued or may accrue to the motor vehicle  
37 fund from the motor vehicle fuel tax and special fuel tax shall be

1 first expended for purposes enumerated in (a) and (b) of this  
2 subsection. The remaining net tax amount shall be distributed monthly  
3 by the state treasurer in accordance with subsections (2) through (7)  
4 of this section.

5 (a) For payment of refunds of motor vehicle fuel tax and special  
6 fuel tax that has been paid and is refundable as provided by law;

7 (b) For payment of amounts to be expended pursuant to  
8 appropriations for the administrative expenses of the offices of state  
9 treasurer, state auditor, and the department of licensing of the state  
10 of Washington in the administration of the motor vehicle fuel tax and  
11 the special fuel tax, which sums shall be distributed monthly.

12 (2) All of the remaining net tax amount collected under RCW  
13 82.36.025(1) and 82.38.030(1) shall be distributed as set forth in (a)  
14 through (j) of this section.

15 (a) For distribution to the motor vehicle fund an amount equal to  
16 44.387 percent to be expended for highway purposes of the state as  
17 defined in RCW 46.68.130;

18 (b) For distribution to the special category C account, hereby  
19 created in the motor vehicle fund, an amount equal to 3.2609 percent to  
20 be expended for special category C projects. Special category C  
21 projects are category C projects that, due to high cost only, will  
22 require bond financing to complete construction.

23 The following criteria, listed in order of priority, shall be used  
24 in determining which special category C projects have the highest  
25 priority:

- 26 (i) Accident experience;
- 27 (ii) Fatal accident experience;
- 28 (iii) Capacity to move people and goods safely and at reasonable  
29 speeds without undue congestion; and
- 30 (iv) Continuity of development of the highway transportation  
31 network.

32 Moneys deposited in the special category C account in the motor  
33 vehicle fund may be used for payment of debt service on bonds the  
34 proceeds of which are used to finance special category C projects under  
35 this subsection (2)(b);

36 (c) For distribution to the Puget Sound ferry operations account in  
37 the motor vehicle fund an amount equal to 2.3283 percent;

1 (d) For distribution to the Puget Sound capital construction  
2 account in the motor vehicle fund an amount equal to 2.3726 percent;

3 (e) For distribution to the (~~urban arterial trust~~) transportation  
4 improvement account in the motor vehicle fund an amount equal to 7.5597  
5 percent;

6 (f) For distribution to the transportation improvement account in  
7 the motor vehicle fund an amount equal to 5.6739 percent and expended  
8 in accordance with RCW 47.26.086;

9 (g) For distribution to the cities and towns from the motor vehicle  
10 fund an amount equal to 10.6961 percent in accordance with RCW  
11 46.68.110;

12 (h) For distribution to the counties from the motor vehicle fund an  
13 amount equal to 19.2287 percent: (i) Out of which there shall be  
14 distributed from time to time, as directed by the department of  
15 transportation, those sums as may be necessary to carry out the  
16 provisions of RCW 47.56.725; and (ii) less any amounts appropriated to  
17 the county road administration board to implement the provisions of RCW  
18 47.56.725(4), with the balance of such county share to be distributed  
19 monthly as the same accrues for distribution in accordance with RCW  
20 46.68.120;

21 (i) For distribution to the county arterial preservation account,  
22 hereby created in the motor vehicle fund an amount equal to 1.9565  
23 percent. These funds shall be distributed by the county road  
24 administration board to counties in proportions corresponding to the  
25 number of paved arterial lane miles in the unincorporated area of each  
26 county and shall be used for improvements to sustain the structural,  
27 safety, and operational integrity of county arterials. The county road  
28 administration board shall adopt reasonable rules and develop policies  
29 to implement this program and to assure that a pavement management  
30 system is used;

31 (j) For distribution to the rural arterial trust account in the  
32 motor vehicle fund an amount equal to 2.5363 percent and expended in  
33 accordance with RCW 36.79.020.

34 (3) The remaining net tax amount collected under RCW 82.36.025(2)  
35 and 82.38.030(2) shall be distributed to the transportation 2003  
36 account (nickel account).

37 (4) The remaining net tax amount collected under RCW 82.36.025(3)  
38 and 82.38.030(3) shall be distributed as follows:



1 (a) 8.3333 percent shall be distributed to the incorporated cities  
2 and towns of the state in accordance with RCW 46.68.110;

3 (b) 8.3333 percent shall be distributed to counties of the state in  
4 accordance with RCW 46.68.120; and

5 (c) The remainder shall be distributed to the transportation  
6 partnership account created in RCW 46.68.290.

7 (5) The remaining net tax amount collected under RCW 82.36.025(4)  
8 and 82.38.030(4) shall be distributed as follows:

9 (a) 8.3333 percent shall be distributed to the incorporated cities  
10 and towns of the state in accordance with RCW 46.68.110;

11 (b) 8.3333 percent shall be distributed to counties of the state in  
12 accordance with RCW 46.68.120; and

13 (c) The remainder shall be distributed to the transportation  
14 partnership account created in RCW 46.68.290.

15 (6) The remaining net tax amount collected under RCW 82.36.025 (5)  
16 and (6) and 82.38.030 (5) and (6) shall be distributed to the  
17 transportation partnership account created in RCW 46.68.290.

18 (7) Nothing in this section or in RCW 46.68.130 may be construed so  
19 as to violate any terms or conditions contained in any highway  
20 construction bond issues now or hereafter authorized by statute and  
21 whose payment is by such statute pledged to be paid from any excise  
22 taxes on motor vehicle fuel and special fuels.

23 **Sec. 5.** RCW 46.68.110 and 2008 c 121 s 601 are each amended to  
24 read as follows:

25 Funds credited to the incorporated cities and towns of the state as  
26 set forth in RCW 46.68.090 shall be subject to deduction and  
27 distribution as follows:

28 (1) One and one-half percent of such sums distributed under RCW  
29 46.68.090 shall be deducted monthly as such sums are credited and set  
30 aside for the use of the department of transportation for the  
31 supervision of work and expenditures of such incorporated cities and  
32 towns on the city and town streets thereof, including the supervision  
33 and administration of federal-aid programs for which the department of  
34 transportation has responsibility: PROVIDED, That any moneys so  
35 retained and not expended shall be credited in the succeeding biennium  
36 to the incorporated cities and towns in proportion to deductions herein  
37 made;

1 (2) Thirty-three one-hundredths of one percent of such funds  
2 distributed under RCW 46.68.090 shall be deducted monthly, as such  
3 funds accrue, and set aside for the use of the department of  
4 transportation for the purpose of funding the cities' share of the  
5 costs of highway jurisdiction studies and other studies. Any funds so  
6 retained and not expended shall be credited in the succeeding biennium  
7 to the cities in proportion to the deductions made;

8 (3) One percent of such funds distributed under RCW 46.68.090 shall  
9 be deducted monthly, as such funds accrue, to be deposited in the small  
10 city pavement and sidewalk account, to implement the city hardship  
11 assistance program, as provided in RCW 47.26.164. However, any moneys  
12 so retained and not required to carry out the program under this  
13 subsection as of July 1st of each odd-numbered year thereafter, shall  
14 be retained in the account and used for maintenance, repair, and  
15 resurfacing of city and town streets for cities and towns with a  
16 population of less than five thousand((-));

17 (4) (~~Except as provided in RCW 47.26.080,~~) After making the  
18 deductions under subsections (1) through (3) of this section and RCW  
19 35.76.050, the balance remaining to the credit of incorporated cities  
20 and towns shall be apportioned monthly as such funds accrue among the  
21 several cities and towns within the state ratably on the basis of the  
22 population last determined by the office of financial management.

23 **Sec. 6.** RCW 47.26.084 and 1999 c 94 s 17 are each amended to read  
24 as follows:

25 (1) The transportation improvement account is hereby created in the  
26 motor vehicle fund. The intent of the program is to:

27 (a) Improve mobility of people and goods in Washington state by  
28 supporting economic development and environmentally responsive  
29 solutions to our statewide transportation system needs;

30 (b) Improve the arterial street system of the state by improving  
31 mobility and safety while supporting an environment essential to the  
32 quality of life of the citizens of the state; and

33 (c) Maintain, preserve, and extend the life and utility of prior  
34 investments in transportation systems and services.

35 (2) The small city program, as provided for in RCW 47.26.115, is  
36 implemented within the transportation improvement account.

1       (3) Within one year after board approval of an application for  
2 funding, a county, city, or transportation benefit district shall  
3 provide written certification to the board of the pledged local and/or  
4 private funding. Funds allocated to an applicant that does not certify  
5 its funding within one year after approval may be reallocated by the  
6 board.

7       **Sec. 7.** RCW 47.26.086 and 1994 c 179 s 11 are each amended to read  
8 as follows:

9       Transportation improvement account projects selected for funding  
10 programs after fiscal year 1995 are governed by the requirements of  
11 this section.

12       The board shall allocate funds from the account by June 30th of  
13 each year for the ensuing fiscal year to urban counties, cities with a  
14 population of five thousand and over, and to transportation benefit  
15 districts. Projects may include, but are not limited to, multi-agency  
16 projects and arterial improvement projects in fast-growing areas. The  
17 board shall endeavor to provide geographical diversity in selecting  
18 improvement projects to be funded from the account.

19       (~~The intent of the program is to improve mobility of people and  
20 goods in Washington state by supporting economic development and  
21 environmentally responsive solutions to our statewide transportation  
22 system needs.~~)

23       To be eligible to receive these funds, a project must be consistent  
24 with the Growth Management Act, the Clean Air Act including conformity,  
25 and the Commute Trip Reduction Law and consideration must have been  
26 given to the project's relationship, both actual and potential, with  
27 the statewide rail passenger program and rapid mass transit. Projects  
28 must be consistent with any adopted high capacity transportation plan,  
29 must consider existing or reasonably foreseeable congestion levels  
30 attributable to economic development or growth and all modes of  
31 transportation and safety, and must be partially funded by local  
32 government or private contributions, or a combination of such  
33 contributions. Priority consideration shall be given to those projects  
34 with the greatest percentage of local or private contribution, or both.

35       Within one year after board approval of an application for funding,  
36 the lead agency shall provide written certification to the board of the

1 pledged local and private funding for the phase of the project  
2 approved. Funds allocated to an applicant that does not certify its  
3 funding within one year after approval may be reallocated by the board.

4 **Sec. 8.** RCW 47.26.190 and 1994 c 179 s 18 are each amended to read  
5 as follows:

6 The board shall adopt rules that provide geographical diversity in  
7 selecting improvement projects to be funded from the ((~~urban arterial~~  
8 ~~trust~~)) transportation improvement account and small city ((~~account~~)  
9 program funds.

10 **Sec. 9.** RCW 47.26.140 and 1999 c 94 s 19 are each amended to read  
11 as follows:

12 The transportation improvement board shall appoint an executive  
13 director, who shall serve at its pleasure and whose salary shall be set  
14 by the board, and may employ additional staff as it deems appropriate.  
15 All costs associated with staff, together with travel expenses in  
16 accordance with RCW 43.03.050 and 43.03.060, shall be paid from the  
17 ((~~urban - arterial - trust - account~~)) public transportation systems  
18 account((~~7~~)) and the transportation improvement account in the motor  
19 vehicle fund as determined by the biennial appropriation.

20 **Sec. 10.** RCW 47.26.423 and 1986 c 290 s 5 are each amended to read  
21 as follows:

22 The money arising from the sale of the first authorization bonds,  
23 series II bonds, and series III bonds shall be deposited in the state  
24 treasury to the credit of the ((~~urban arterial trust~~)) transportation  
25 improvement account in the motor vehicle fund, and such money shall be  
26 available only for the construction and improvement of county and city  
27 urban arterials, and for payment of the expense incurred in the  
28 printing, issuance, and sale of any such bonds. The costs of obtaining  
29 insurance, letters of credit, or other credit enhancement devices with  
30 respect to the bonds shall be considered to be expenses incurred in the  
31 issuance and sale of the bonds.

32 **Sec. 11.** RCW 47.26.425 and 2007 c 519 s 7 are each amended to read  
33 as follows:

34 Any funds required to repay the first authorization of two hundred

1 fifty million dollars of bonds authorized by RCW 47.26.420, as amended  
2 by section 18, chapter 317, Laws of 1977 ex. sess. or the interest  
3 thereon when due, shall be taken from that portion of the motor vehicle  
4 fund which results from the imposition of excise taxes on motor vehicle  
5 and special fuels and which is distributed to the (~~urban-arterial~~  
6 ~~trust~~) transportation improvement account in the motor vehicle fund  
7 pursuant to RCW 46.68.090(2)(e), and shall never constitute a charge  
8 against any allocations of any other such funds in the motor vehicle  
9 fund to the state, counties, cities, and towns unless and until the  
10 amount of the motor vehicle fund arising from the excise tax on motor  
11 vehicle and special fuels and distributed to the (~~urban-arterial~~  
12 ~~trust~~) transportation improvement account proves insufficient to meet  
13 the requirements for bond retirement or interest on any such bonds.

14 **Sec. 12.** RCW 47.26.4252 and 1999 sp.s. c 1 s 610 are each amended  
15 to read as follows:

16 Any funds required to repay the authorization of series II bonds  
17 authorized by RCW 47.26.420, as reenacted by section 3, chapter 5, Laws  
18 of 1979, or the interest thereon when due, shall first be taken from  
19 that portion of the motor vehicle fund which results from the  
20 imposition of excise taxes on motor vehicle and special fuels imposed  
21 by chapters 82.36 and 82.38 RCW and which is distributed to the (~~urban~~  
22 ~~arterial-trust~~) transportation improvement account in the motor  
23 vehicle fund pursuant to RCW 46.68.090(~~(1)(g)~~) (2)(e), subject,  
24 however, to the prior lien of the first authorization of bonds  
25 authorized by RCW 47.26.420, as reenacted by section 3, chapter 5, Laws  
26 of 1979. If the moneys distributed to the (~~urban-arterial-trust~~)  
27 transportation improvement account shall ever be insufficient to repay  
28 the first authorization bonds together with interest thereon, and the  
29 series II bonds or the interest thereon when due, the amount required  
30 to make such payments on such bonds or interest thereon shall next be  
31 taken from that portion of the motor vehicle fund which results from  
32 the imposition of excise taxes on motor vehicle and special fuels and  
33 which is distributed to the state, counties, cities, and towns pursuant  
34 to RCW 46.68.090. Any payments on such bonds or interest thereon taken  
35 from motor vehicle or special fuel tax revenues which are distributable  
36 to the state, counties, cities, and towns, shall be repaid from the  
37 first moneys distributed to the (~~urban-arterial-trust~~) transportation

1 improvement account not required for redemption of the first  
2 authorization bonds or series II and series III bonds or interest on  
3 those bond issues.

4 **Sec. 13.** RCW 47.26.4254 and 2010 c 8 s 10008 are each amended to  
5 read as follows:

6 (1) Any funds required to repay series III bonds authorized by RCW  
7 47.26.420, or the interest thereon, when due shall first be taken from  
8 that portion of the motor vehicle fund that results from the imposition  
9 of excise taxes on motor vehicle and special fuels imposed by chapters  
10 82.36 and 82.38 RCW and that is distributed to the (~~urban arterial~~  
11 ~~trust~~) transportation improvement account in the motor vehicle fund  
12 pursuant to RCW 46.68.090(2)(e), subject, however, to the prior lien of  
13 the first authorization of bonds authorized by RCW 47.26.420. If the  
14 moneys so distributed to the (~~urban arterial trust~~) transportation  
15 improvement account, after first being applied to administrative  
16 expenses of the transportation improvement board and to the  
17 requirements of bond retirement and payment of interest on first  
18 authorization bonds and series II bonds as provided in RCW 47.26.425  
19 and 47.26.4252, are insufficient to meet the requirements for bond  
20 retirement or interest on any series III bonds, the amount required to  
21 make such payments on series III bonds or interest thereon shall next  
22 be taken from that portion of the motor vehicle fund that results from  
23 the imposition of excise taxes on motor vehicle and special fuels and  
24 that is distributed to the state, counties, cities, and towns pursuant  
25 to RCW 46.68.090, subject, however, to subsection (2) of this section.

26 (2) To the extent that moneys so distributed to the (~~urban~~  
27 ~~arterial trust~~) transportation improvement account are insufficient to  
28 meet the requirements for bond retirement or interest on any series III  
29 bonds, sixty percent of the amount required to make such payments when  
30 due shall first be taken from that portion of the motor vehicle fund  
31 that results from the imposition of excise taxes on motor vehicle and  
32 special fuels and that is distributed to the state. The remaining  
33 forty percent shall first be taken from that portion of the motor  
34 vehicle fund that results from the imposition of excise taxes on motor  
35 vehicle and special fuels and that is distributed to the cities and  
36 towns pursuant to RCW 46.68.090(2)(g) and to the counties pursuant to  
37 RCW 46.68.090(2)(h). Of the counties', cities', and towns' share of

1 any additional amounts required in each fiscal year, the percentage  
2 thereof to be taken from the counties' distributive share and from the  
3 cities' and towns' distributive share shall correspond to the  
4 percentage of funds authorized for specific county projects and for  
5 specific city and town projects, respectively, from the proceeds of  
6 series III bonds, for the period through the first eleven months of the  
7 prior fiscal year as determined by the chair of the transportation  
8 improvement board and reported to the state finance committee and the  
9 state treasurer not later than the first working day of June.

10 (3) Any payments on such bonds or interest thereon taken from motor  
11 vehicle or special fuel tax revenues that are distributable to the  
12 state, counties, cities, and towns shall be repaid from the first  
13 moneys distributed to the (~~urban-arterial-trust~~) transportation  
14 improvement account not required for redemption of the first  
15 authorization bonds, series II bonds, or series III bonds or interest  
16 on these bonds.

17 NEW SECTION. Sec. 14. RCW 46.68.160 is decodified.  
Passed by the Senate March 3, 2011.  
Passed by the House April 5, 2011.  
Approved by the Governor April 18, 2011.  
Filed in Office of Secretary of State April 19, 2011.