AN ACT Relating to the creation of the Washington achieving a better life experience program; amending RCW 43.33A.190; reenacting and amending RCW 43.79A.040; adding new sections to chapter 43.330 RCW; and providing an expiration date.

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

NEW SECTION. Sec. 1. A new section is added to chapter 43.330 RCW to read as follows:

The definitions in this section apply throughout sections 2 through 6 of this act unless the context clearly indicates otherwise.

(1) "Eligible individual" means an individual eligible for the Washington achieving a better life experience program pursuant to section 529A of the federal internal revenue code of 1986, as amended.

(2) "Governing board" means the Washington achieving a better life experience program governing board in section 4 of this act.

(3) "Individual Washington achieving a better life experience program account" means an account established by or for an eligible individual and owned by the eligible individual pursuant to the Washington achieving a better life experience program. Any moneys placed in these accounts or achieving a better life experience program accounts established in other states shall not be counted as
assets for purposes of state or local means tested program eligibility or levels of state means tested program eligibility.

(4) "Washington achieving a better life experience program" means a savings or investment program that establishes individual Washington achieving a better life experience program accounts pursuant to section 529A of the federal internal revenue code of 1986, as amended.

NEW SECTION. Sec. 2. A new section is added to chapter 43.330 RCW to read as follows:

(1) The Washington achieving a better life experience program account is created in the custody of the state treasurer. Expenditures from the account may be used only for the purposes of the Washington achieving a better life experience program established under this chapter, except for expenses of the state investment board and the state treasurer as specified in this section. The account must be a discrete nontreasury account retaining its interest earnings in accordance with RCW 43.79A.040.

(2) The account must be self-sustaining and consist of payments received from contributors to individual Washington achieving a better life experience program accounts. All payments contributed to the Washington achieving a better life experience program are held in trust and must be deposited in the account. With the exception of investment and operating costs associated with the investment of money paid under RCW 43.08.190, 43.33A.160, and 43.84.160, the account must be credited with all investment income earned by the account. Disbursements from the account are exempt from appropriations and the allotment provisions of chapter 43.88 RCW. An appropriation is not required for expenditures.

(3) The assets of the account may be spent without appropriation for the purpose of making payments to individual Washington achieving a better life experience program account holders. Only the Washington achieving a better life experience governing board or the board's designee may authorize expenditures from the account.

(4) With regard to the assets of the account, the state acts in a fiduciary, not ownership, capacity. Therefore, the assets of the account are not considered state money, common cash, or revenue to the state.
NEW SECTION.  Sec. 3. A new section is added to chapter 43.330 RCW to read as follows:

(1) The governing board may elect to have the state investment board invest the money in the Washington achieving a better life experience program account. If the governing board so elects, the state investment board created in RCW 43.33A.020 has the full power to invest, reinvest, manage, contract, sell, or exchange investment money in the Washington achieving a better life experience program account. All investment and operating costs associated with the investment of money by the state investment board must be paid pursuant to RCW 43.33A.160 and 43.84.160. With the exception of these expenses, the earnings from the investment of the money must be retained by the account.

(2)(a) After consultation with the governing board, the state investment board may elect to invest any self-directed accounts associated with the Washington achieving a better life experience program. The state investment board has full authority to invest all self-directed investment moneys in accordance with this section and RCW 43.84.150. In carrying out this authority the state investment board, after consultation with the governing board regarding any recommendations, shall provide a set of options for eligible individuals to choose from for self-directed investment. Any self-directed investment options provided must comply with section 529A of the federal internal revenue code of 1986, as amended.

(b) All investment and operating costs of the state investment board associated with making self-directed investments must be paid by eligible individuals and recovered under procedures agreed to by the governing board and the state investment board pursuant to the principles set forth in RCW 43.33A.160. All other expenses caused by self-directed investments must be paid by the eligible individual in accordance with rules established by the governing board. With the exception of these expenses, all earnings from self-directed investments shall accrue to the eligible individual's Washington achieving a better life experience program account.

(c)(i) The governing board shall keep or cause to be kept full and adequate accounts and records of each eligible individual Washington achieving a better life experience program account.

(ii) The governing board shall account for and report on the investment of self-directed assets or may enter into an agreement...
with the state investment board for such accounting and reporting under this chapter.

(iii) The governing board's duties related to eligible individual Washington achieving a better life experience program accounts include conducting the activities of trade instruction, settlement activities, and direction of cash movement and related wire transfers with the custodian bank and outside investment firms.

(iv) The governing board has sole responsibility for contracting with any recordkeepers for individual Washington achieving a better life experience program accounts and shall manage the performance of recordkeepers under those contracts.

(v) The state investment board has sole responsibility for contracting with outside investment firms to provide investment management for the individual Washington achieving a better life experience program accounts and shall manage the performance of investment managers under those contracts.

(vi) The department has sole responsibility for contracting with any recordkeepers for individual participant accounts and shall manage the performance of recordkeepers under those contracts.

(d) The state treasurer shall designate and define the terms of engagement for the custodial banks.

(3) All investments made by the state investment board must be made with the exercise of that degree of judgment and care pursuant to RCW 43.33A.140 and the investment policy established by the state investment board.

(4) As deemed appropriate by the state investment board, money in the account may be commingled for investment with other funds subject to investment by the state investment board.

(5) The authority to establish all policies relating to the account, other than the investment policies, resides with the governing board acting to implement, design, and manage the Washington achieving a better life experience savings program that allows eligible individuals to create and maintain savings accounts. The moneys in the account may be spent only for the purposes of the Washington achieving a better life experience program.

(6) The state investment board shall routinely consult and communicate with the governing board on the investment policy, earnings of the account, and related needs of the program.
NEW SECTION. Sec. 4. A new section is added to chapter 43.330 RCW to read as follows:

The Washington achieving a better life experience program is established and the governing board is authorized to design and administer the Washington achieving a better life experience program in the best interests of eligible individuals. To the extent funds are appropriated for this purpose, the director of the department shall provide staff and administrative support to the governing board. The department shall consult with the governing board regarding the staffing and administrative support needs before selecting any staff pursuant to this section. To the extent practicable, the Washington achieving a better life experience program must be colocated with the developmental disabilities endowment governing board established under this chapter.

(1) The governing board shall consist of seven members as follows:
   (a) The state treasurer or his or her designee;
   (b) The program director for the committee on advanced tuition payment established in RCW 28B.95.020;
   (c) The director of the office of financial management or his or her designee; and
   (d) Four members with demonstrated financial, legal, or disability program experience, appointed by the governor.

(2) The board shall select the chair of the board from among the seven board members identified in subsection (1) of this section.

(3) Members of the board who are appointed by the governor shall serve four-year terms and may be appointed for successive four-year terms at the discretion of the governor. The governor may stagger the terms of the appointed members.

(4) Members of the board must be compensated for their service under RCW 43.03.240 and must be reimbursed for travel expenses as provided in RCW 43.03.050 and 43.03.060.

(5) The board shall meet periodically as specified by the chair, or a majority of the board, and may allow members to participate in meetings remotely.

(6) The board may appoint advisory committees to support the design or administration of the Washington achieving a better life experience program. Individuals serving on advisory committees must serve staggered terms and may be reimbursed for travel expenses as
provided in RCW 43.03.050 and 43.03.060, but may not be compensated for their service.

(7) The board may execute interagency agreements that authorize other state agencies such as the committee on advanced tuition payment established in RCW 28B.95.020 to perform administrative functions necessary to carry out the Washington achieving a better life experience program.

(8) Members of the governing board and the state investment board shall not be considered an insurer of the funds or assets of the Washington achieving a better life experience program account or the individual program accounts. Neither of these two boards are liable for the action or inaction of the other.

(9) Members of the governing board and the state investment board are not liable to the state, to the fund, or to any other person as a result of their activities as members, whether ministerial or discretionary, except for willful dishonesty or intentional violations of law. The department and the state investment board may purchase liability insurance for members.

NEW SECTION. Sec. 5. A new section is added to chapter 43.330 RCW to read as follows:

(1) The Washington achieving a better life experience program governing board is authorized to design, administer, manage, promote, and market the Washington achieving a better life experience program. The governing board is further authorized to contract with other organizations to administer, manage, promote, or market the Washington achieving a better life experience program. This program must allow for the creation of savings or investment accounts for eligible individuals with disabilities and the funds must be invested.

(2) The governing board may consult with the office of the state treasurer, the department of social and health services, and the state investment board in implementing the Washington achieving a better life experience program. The governing board is authorized to formulate and adopt any policies and rules necessary to implement and operate the Washington achieving a better life experience program consistent with this act. The governing board is further authorized to establish a reasonable fee structure for Washington achieving a better life experience program account holders.
NEW SECTION. Sec. 6. A new section is added to chapter 43.330 RCW to read as follows:

(1) The governing board shall implement the Washington achieving a better life experience program by July 1, 2017. The governing board must submit a semiannual report to the appropriate committees of the legislature describing the progress toward program implementation. These reports must also include any recommendations regarding legislative changes that are necessary to implement the program and an estimate regarding the timeline for implementing the program.

(2) This section expires July 1, 2018.

Sec. 7. RCW 43.79A.040 and 2013 c 251 s 5 and 2013 c 88 s 1 are each reenacted and amended to read as follows:

(1) Money in the treasurer's trust fund may be deposited, invested, and reinvested by the state treasurer in accordance with RCW 43.84.080 in the same manner and to the same extent as if the money were in the state treasury, and may be commingled with moneys in the state treasury for cash management and cash balance purposes.

(2) All income received from investment of the treasurer's trust fund must be set aside in an account in the treasury trust fund to be known as the investment income account.

(3) The investment income account may be utilized for the payment of purchased banking services on behalf of treasurer's trust funds including, but not limited to, depository, safekeeping, and disbursement functions for the state treasurer or affected state agencies. The investment income account is subject in all respects to chapter 43.88 RCW, but no appropriation is required for payments to financial institutions. Payments must occur prior to distribution of earnings set forth in subsection (4) of this section.

(4)(a) Monthly, the state treasurer must distribute the earnings credited to the investment income account to the state general fund except under (b), (c), and (d) of this subsection.
(b) The following accounts and funds must receive their proportionate share of earnings based upon each account's or fund's average daily balance for the period: The Washington promise scholarship account, the Washington advanced college tuition payment program account, the accessible communities account, the Washington achieving a better life experience program account, the community and technical college innovation account, the agricultural local fund, the American Indian scholarship endowment fund, the foster care scholarship endowment fund, the foster care endowed scholarship trust fund, the contract harvesting revolving account, the Washington state combined fund drive account, the commemorative works account, the county enhanced 911 excise tax account, the toll collection account, the developmental disabilities endowment trust fund, the energy account, the fair fund, the family leave insurance account, the food animal veterinarian conditional scholarship account, the fruit and vegetable inspection account, the future teachers conditional scholarship account, the game farm alternative account, the GET ready for math and science scholarship account, the Washington global health technologies and product development account, the grain inspection revolving fund, the industrial insurance rainy day fund, the juvenile accountability incentive account, the law enforcement officers' and firefighters' plan 2 expense fund, the local tourism promotion account, the multiagency permitting team account, the pilotage account, the produce railcar pool account, the regional transportation investment district account, the rural rehabilitation account, the stadium and exhibition center account, the youth athletic facility account, the self-insurance revolving fund, the children's trust fund, the Washington horse racing commission Washington bred owners' bonus fund and breeder awards account, the Washington horse racing commission class C purse fund account, the individual development account program account, the Washington horse racing commission operating account, the life sciences discovery fund, the Washington state heritage center account, the reduced cigarette ignition propensity account, the center for childhood deafness and hearing loss account, the school for the blind account, the Millersylvania park trust fund, the public employees' and retirees' insurance reserve fund, and the radiation perpetual maintenance fund.

(c) The following accounts and funds must receive eighty percent of their proportionate share of earnings based upon each account's or
fund's average daily balance for the period: The advanced right-of-way revolving fund, the advanced environmental mitigation revolving account, the federal narcotics asset forfeitures account, the high occupancy vehicle account, the local rail service assistance account, and the miscellaneous transportation programs account.

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

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

Sec. 8. RCW 43.33A.190 and 2000 c 247 s 701 are each amended to read as follows:

Pursuant to RCW 41.34.130 and section 3 of this act, the state investment board shall invest all self-directed investment moneys under teachers' retirement system plan 3, the school employees' retirement system plan 3, (and) the public employees' retirement system plan 3, and the Washington achieving a better life experience program with full power to establish investment policy, develop investment options, and manage self-directed investment funds.

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