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ENGROSSED SUBSTITUTE SENATE BILL 6502

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State of Washington

55th Legislature

1998 Regular Session

By Senate Committee on Transportation (originally sponsored by Senators Horn, Haugen, Benton, Goings and Wood)

Read first time 02/02/98.

1 AN ACT Relating to obsolete transportation accounts and funds;  
2 amending RCW 43.84.092, 47.56.772, 47.60.150, 47.60.326, and 47.60.440;  
3 reenacting and amending RCW 46.68.090; creating a new section;  
4 repealing RCW 46.68.180, 46.68.190, 46.68.200, and 47.56.775; and  
5 providing an effective date.

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

7 NEW SECTION. **Sec. 1.** The legislature finds that a periodic review  
8 of the accounts and their uses is necessary. While creating new  
9 accounts may facilitate the implementation of legislative intent, the  
10 creation of too many accounts limits the effectiveness of performance-  
11 based budgeting. Too many accounts also limit the flexibility of the  
12 legislature to address emerging and changing issues in addition to  
13 creating administrative burdens for the responsible agencies. Accounts  
14 created for specific purposes may no longer be valid or needed.  
15 Accordingly, this act eliminates accounts that are not in use or are  
16 unneeded and consolidates accounts that are similar in nature.

17 **Sec. 2.** RCW 43.84.092 and 1997 c 218 s 5 are each amended to read  
18 as follows:

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

4 (2) The treasury income account shall be utilized to pay or receive  
5 funds associated with federal programs as required by the federal cash  
6 management improvement act of 1990. The treasury income account is  
7 subject in all respects to chapter 43.88 RCW, but no appropriation is  
8 required for refunds or allocations of interest earnings required by  
9 the cash management improvement act. Refunds of interest to the  
10 federal treasury required under the cash management improvement act  
11 fall under RCW 43.88.180 and shall not require appropriation. The  
12 office of financial management shall determine the amounts due to or  
13 from the federal government pursuant to the cash management improvement  
14 act. The office of financial management may direct transfers of funds  
15 between accounts as deemed necessary to implement the provisions of the  
16 cash management improvement act, and this subsection. Refunds or  
17 allocations shall occur prior to the distributions of earnings set  
18 forth in subsection (4) of this section.

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

27 (4) Monthly, the state treasurer shall distribute the earnings  
28 credited to the treasury income account. The state treasurer shall  
29 credit the general fund with all the earnings credited to the treasury  
30 income account except:

31 (a) The following accounts and funds shall receive their  
32 proportionate share of earnings based upon each account's and fund's  
33 average daily balance for the period: The capitol building  
34 construction account, the Cedar River channel construction and  
35 operation account, the Central Washington University capital projects  
36 account, the charitable, educational, penal and reformatory  
37 institutions account, the common school construction fund, the county  
38 criminal justice assistance account, the county sales and use tax  
39 equalization account, the data processing building construction

1 account, the deferred compensation administrative account, the deferred  
2 compensation principal account, the department of retirement systems  
3 expense account, the drinking water assistance account, the Eastern  
4 Washington University capital projects account, the education  
5 construction fund, the emergency reserve fund, the federal forest  
6 revolving account, the health services account, the public health  
7 services account, the health system capacity account, the personal  
8 health services account, the highway infrastructure account, the  
9 industrial insurance premium refund account, the judges' retirement  
10 account, the judicial retirement administrative account, the judicial  
11 retirement principal account, the local leasehold excise tax account,  
12 the local real estate excise tax account, the local sales and use tax  
13 account, the medical aid account, the mobile home park relocation fund,  
14 the municipal criminal justice assistance account, the municipal sales  
15 and use tax equalization account, the natural resources deposit  
16 account, the perpetual surveillance and maintenance account, the public  
17 employees' retirement system plan I account, the public employees'  
18 retirement system plan II account, the Puyallup tribal settlement  
19 account, the resource management cost account, the site closure  
20 account, the special wildlife account, the state employees' insurance  
21 account, the state employees' insurance reserve account, the state  
22 investment board expense account, the state investment board commingled  
23 trust fund accounts, the supplemental pension account, the teachers'  
24 retirement system plan I account, the teachers' retirement system plan  
25 II account, the transportation infrastructure account, the tuition  
26 recovery trust fund, the University of Washington bond retirement fund,  
27 the University of Washington building account, the volunteer fire  
28 fighters' relief and pension principal account, the volunteer fire  
29 fighters' relief and pension administrative account, the Washington  
30 judicial retirement system account, the Washington law enforcement  
31 officers' and fire fighters' system plan I retirement account, the  
32 Washington law enforcement officers' and fire fighters' system plan II  
33 retirement account, the Washington state patrol retirement account, the  
34 Washington State University building account, the Washington State  
35 University bond retirement fund, the water pollution control revolving  
36 fund, and the Western Washington University capital projects account.  
37 Earnings derived from investing balances of the agricultural permanent  
38 fund, the normal school permanent fund, the permanent common school  
39 fund, the scientific permanent fund, and the state university permanent

1 fund shall be allocated to their respective beneficiary accounts. All  
2 earnings to be distributed under this subsection (4)(a) shall first be  
3 reduced by the allocation to the state treasurer's service fund  
4 pursuant to RCW 43.08.190.

5 (b) The following accounts and funds shall receive eighty percent  
6 of their proportionate share of earnings based upon each account's or  
7 fund's average daily balance for the period: The aeronautics account,  
8 the aircraft search and rescue account, the central Puget Sound public  
9 transportation account, the city hardship assistance account, the  
10 county arterial preservation account, the department of licensing  
11 services account, the economic development account, the essential rail  
12 assistance account, (~~the essential rail banking account,~~) the ferry  
13 bond retirement fund, (~~the gasohol exemption holding account,~~) the  
14 grade crossing protective fund, the high capacity transportation  
15 account, the highway bond retirement fund, (~~the highway construction  
16 stabilization account,~~) the highway safety account, (~~the marine  
17 operating fund,~~) the motor vehicle fund, the motorcycle safety  
18 education account, the pilotage account, the public transportation  
19 systems account, the Puget Sound capital construction account, the  
20 Puget Sound ferry operations account, the recreational vehicle account,  
21 the rural arterial trust account, the safety and education account, the  
22 small city account, the special category C account, the state patrol  
23 highway account, (~~the transfer relief account,~~) the transportation  
24 capital facilities account, the transportation equipment fund, the  
25 transportation fund, the transportation improvement account, (~~the  
26 transportation revolving loan account,~~) and the urban arterial trust  
27 account.

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

31 **Sec. 3.** RCW 46.68.090 and 1994 c 225 s 2 and 1994 c 179 s 3 are  
32 each reenacted and amended to read as follows:

33 (1) All moneys that have accrued or may accrue to the motor vehicle  
34 fund from the motor vehicle fuel tax and special fuel tax shall be  
35 first expended for the following purposes:

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

1 (b) For payment of amounts to be expended pursuant to  
2 appropriations for the administrative expenses of the offices of state  
3 treasurer, state auditor, and the department of licensing of the state  
4 of Washington in the administration of the motor vehicle fuel tax and  
5 the special fuel tax, which sums shall be distributed monthly;

6 ~~(c) ((From April 1, 1992, through March 31, 1996, for distribution~~  
7 ~~to the transfer relief account, hereby created in the motor vehicle~~  
8 ~~fund, an amount not to exceed three hundred twenty five one thousandths~~  
9 ~~of one percent;~~

10 ~~(d))~~ For distribution to the rural arterial trust account in the  
11 motor vehicle fund, an amount as provided in RCW 82.36.025(2) and  
12 46.68.095(3);

13 ~~((e))~~ (d) For distribution to the urban arterial trust account in  
14 the motor vehicle fund, an amount as provided in RCW 46.68.100(4) and  
15 82.36.025(3);

16 ~~((f))~~ (e) For distribution to the transportation improvement  
17 account in the motor vehicle fund, an amount as provided in RCW  
18 46.68.095(1);

19 ~~((g))~~ (f) For distribution to the special category C account,  
20 hereby created in the motor vehicle fund, an amount as provided in RCW  
21 46.68.095(2);

22 ~~((h))~~ (g) For distribution to the county arterial preservation  
23 account, hereby created in the motor vehicle fund, an amount as  
24 provided in RCW 46.68.095(4);

25 ~~((i))~~ (h) For distribution to the motor vehicle fund to be  
26 allocated to cities and towns as provided in RCW 46.68.110, an amount  
27 as provided in RCW 46.68.095(5);

28 ~~((j))~~ (i) For distribution to the motor vehicle fund to be  
29 allocated to counties as provided in RCW 46.68.120, an amount as  
30 provided in RCW 46.68.095(6);

31 ~~((k))~~ (j) For expenditure for highway purposes of the state as  
32 defined in RCW 46.68.130, an amount as provided in RCW 82.36.025(4) and  
33 46.68.095(7);

34 ~~((l) From July 1, 1994, through June 30, 1995, for distribution to~~  
35 ~~the gasohol exemption holding account, hereby created in the motor~~  
36 ~~vehicle fund, an amount equal to five and thirty four one hundredths of~~  
37 ~~one percent of the amount available prior to distributions provided~~  
38 ~~under (a) through (k) of this subsection, to be used only for highway~~  
39 ~~construction;~~

1       ~~(m))~~ (k) For distribution to the small city account, hereby  
2 created in the motor vehicle fund, an amount as provided for in RCW  
3 46.68.095(1), 46.68.100(9), and 82.36.025(3).

4       (2) The amount accruing to the motor vehicle fund by virtue of the  
5 motor vehicle fuel tax and the special fuel tax and remaining after  
6 payments, distributions, and expenditures as provided in this section  
7 shall, for the purposes of this chapter, be referred to as the "net tax  
8 amount."

9       **Sec. 4.** RCW 47.56.772 and 1993 c 4 s 4 are each amended to read as  
10 follows:

11       Upon the issuance of refunding bonds as authorized by RCW  
12 47.56.770, the department of transportation may liquidate the existing  
13 bond fund and other funds and accounts established in the proceedings  
14 which authorized the issuance of the outstanding toll bridge authority,  
15 ferry, and Hood Canal bridge refunding revenue bonds and apply the  
16 money contained in those funds and accounts to the defeasance and  
17 redemption of outstanding toll bridge authority, ferry, and Hood Canal  
18 refunding revenue bonds, except that prior to such bond redemption,  
19 money sufficient to pay the first interest installment on the refunding  
20 bonds shall be deposited in the ferry bond retirement fund. Money  
21 remaining in such funds not used for such bond defeasance and  
22 redemption or first interest installment on the refunding bonds shall  
23 be transferred to and deposited in the ~~((marine operating fund under~~  
24 ~~RCW 47.56.775))~~ Puget Sound ferry operations account created under RCW  
25 47.60.530.

26       **Sec. 5.** RCW 47.60.150 and 1990 c 42 s 405 are each amended to read  
27 as follows:

28       Subject to the provisions of RCW 47.60.326, the schedule of charges  
29 for the services and facilities of the system shall be fixed and  
30 revised from time to time by the commission so that the tolls and other  
31 revenues ~~((collected together with any moneys))~~ deposited in the Puget  
32 Sound ferry operations account ~~((transferred to the ferry system~~  
33 ~~revolving account))~~ for maintenance and operation, and all moneys in  
34 the Puget Sound capital construction account available for debt service  
35 will yield annual revenue and income sufficient, after allowance for  
36 all operating, maintenance, and repair expenses to pay the interest and  
37 principal and sinking fund charges for all outstanding revenue bonds,

1 and to create and maintain a fund for ordinary renewals and  
2 replacements: PROVIDED, That if provision is made by any resolution  
3 for the issuance of revenue bonds for the creation and maintenance of  
4 a special fund for rehabilitating, rebuilding, enlarging, or improving  
5 all or any part of the ferry system then such schedule of tolls and  
6 rates of charges shall be fixed and revised so that the revenue and  
7 income will also be sufficient to comply with such provision.

8 All income and revenues as collected shall be paid to the state  
9 treasurer for the account of the department (~~(as a separate trust fund  
10 and to be segregated and disbursed upon order of the department:  
11 PROVIDED, That the fund so segregated and set apart for the payment of  
12 the revenue bonds may be remitted to and held by a designated trustee  
13 in such manner and with such collateral as may be provided in the  
14 resolution authorizing the issuance of said bonds. No expenditure may  
15 be made from the revenue fund established under this section and the  
16 bond resolution without an appropriation by law))~~ and deposited into  
17 the Puget Sound ferry operations account. Nothing in this section  
18 requires tolls on the Hood Canal bridge except as may be required by  
19 any bond covenants.

20 **Sec. 6.** RCW 47.60.326 and 1990 c 42 s 406 are each amended to read  
21 as follows:

22 (1) In order to maintain an adequate, fair, and economically sound  
23 schedule of charges for the transportation of passengers, vehicles, and  
24 commodities on the Washington state ferries, the department of  
25 transportation each year shall conduct a full review of such charges.

26 (2) Prior to February 1st of each odd-numbered year the department  
27 shall transmit to the transportation commission a report of its review  
28 together with its recommendations for the revision of a schedule of  
29 charges for the ensuing biennium. The commission on or before July 1st  
30 of that year shall adopt as a rule, in the manner provided by the  
31 Washington administrative procedure act, a schedule of charges for the  
32 Washington state ferries for the ensuing biennium commencing July 1st.  
33 The schedule may initially be adopted as an emergency rule if necessary  
34 to take effect on, or as near as possible to, July 1st.

35 (3) The department in making its review and formulating  
36 recommendations and the commission in adopting a schedule of charges  
37 may consider any of the following factors:

1 (a) The amount of subsidy available to the ferry system for  
2 maintenance and operation;

3 (b) The time and distance of ferry runs;

4 (c) The maintenance and operation costs for ferry runs with a  
5 proper adjustment for higher costs of operating outmoded or less  
6 efficient equipment;

7 (d) The efficient distribution of traffic between cross-sound  
8 routes;

9 (e) The desirability of reasonable commutation rates for persons  
10 using the ferry system to commute daily to work;

11 (f) The effect of proposed fares in increasing walk-on and  
12 vehicular passenger use;

13 (g) The effect of proposed fares in promoting all types of ferry  
14 use during nonpeak periods;

15 (h) Such other factors as prudent managers of a major ferry system  
16 would consider.

17 (4) If at any time during the biennium it appears that projected  
18 ~~((toll))~~ revenues from the ~~((ferry system, together with the transfer~~  
19 ~~from the))~~ Puget Sound ferry operations account ~~((to the ferry system~~  
20 ~~revolving account))~~ and any other operating subsidy available to the  
21 Washington state ferries~~((7))~~ will be less than the projected total  
22 cost of maintenance and operation of the Washington state ferries for  
23 the biennium, the department shall forthwith undertake a review of its  
24 schedule of charges to ascertain whether or not the schedule of charges  
25 should be revised. The department shall, upon completion of its review  
26 report, submit its recommendation to the transportation commission  
27 which may in its sound discretion revise the schedule of charges as  
28 required to meet necessary maintenance and operation expenditures of  
29 the ferry system for the biennium or may defer action until the regular  
30 annual review and revision of ferry charges as provided in subsection  
31 (2) of this section.

32 (5) The provisions of RCW 47.60.330 relating to public  
33 participation shall apply to the process of revising ferry tolls under  
34 this section.

35 **Sec. 7.** RCW 47.60.440 and 1990 c 42 s 408 are each amended to read  
36 as follows:

37 The Washington state ferry system shall be efficiently managed,  
38 operated, and maintained as a revenue-producing undertaking. Subject

1 to the provisions of RCW 47.60.326 the commission shall maintain and  
2 revise from time to time as necessary a schedule of tolls and charges  
3 on said ferry system (~~((and, if necessary to comply with bond covenants,~~  
4 ~~on the Hood Canal bridge which together))~~) with ((any)) other moneys  
5 deposited in the Puget Sound ferry operations account (~~((transferred to~~  
6 ~~the ferry system revolving account))~~) for maintenance and operation and  
7 all moneys in the Puget Sound capital construction account available  
8 for debt service will produce net revenue available for debt service,  
9 in each fiscal year, in an amount at least equal to minimum annual debt  
10 service requirements as hereinafter provided. Minimum annual debt  
11 service requirements as used in this section shall include required  
12 payments of principal and interest, sinking fund requirements, and  
13 payments into reserves on all outstanding revenue bonds authorized by  
14 RCW 47.60.400 through 47.60.470.

15 The provisions of law relating to the revision of tolls and charges  
16 to meet minimum annual debt service requirements from net revenues as  
17 required by this section shall be binding upon the commission but shall  
18 not be deemed to constitute a contract to that effect for the benefit  
19 of the holders of such bonds.

20 NEW SECTION. Sec. 8. The following acts or parts of acts are each  
21 repealed:

- 22 (1) RCW 46.68.180 and 1985 c 140 s 1;
- 23 (2) RCW 46.68.190 and 1985 c 140 s 2;
- 24 (3) RCW 46.68.200 and 1985 c 140 s 3; and
- 25 (4) RCW 47.56.775 and 1993 c 4 s 7.

26 NEW SECTION. Sec. 9. This act takes effect July 1, 1999.

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