

CERTIFICATION OF ENROLLMENT
ENGROSSED SUBSTITUTE SENATE BILL 6839

59th Legislature
2006 Regular Session

Passed by the Senate March 8, 2006
YEAS 44 NAYS 2

President of the Senate

Passed by the House March 8, 2006
YEAS 92 NAYS 6

Speaker of the House of Representatives

Approved

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 **ENGROSSED SUBSTITUTE SENATE BILL 6839** as passed by the Senate and the House of Representatives on the dates hereon set forth.

Secretary

FILED

**Secretary of State
State of Washington**

ENGROSSED SUBSTITUTE SENATE BILL 6839

AS RECOMMENDED BY THE CONFERENCE COMMITTEE

Passed Legislature - 2006 Regular Session

State of Washington 59th Legislature 2006 Regular Session

By Senate Committee on Transportation (originally sponsored by Senator Haugen)

READ FIRST TIME 02/07/06.

1 AN ACT Relating to transportation accounts and revenue
2 distributions; amending RCW 46.68.035, 46.16.086, 46.16.162, 46.68.135,
3 46.68.290, 46.17.010, and 46.68.080; reenacting and amending RCW
4 43.84.092 and 43.84.092; adding new sections to chapter 46.68 RCW;
5 creating a new section; providing effective dates; providing an
6 expiration date; and declaring an emergency.

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

8 **Sec. 1.** RCW 46.68.035 and 2005 c 314 s 205 are each amended to
9 read as follows:

10 All proceeds from combined vehicle licensing fees received by the
11 director for vehicles licensed under RCW 46.16.070 and 46.16.085(~~(, the~~
12 ~~license fee under RCW 46.16.086, and the farm vehicle trip permit under~~
13 ~~RCW 46.16.162)) shall be forwarded to the state treasurer to be
14 distributed into accounts according to the following method:~~

15 (1) The sum of two dollars for each vehicle shall be deposited into
16 the multimodal transportation account, except that for each vehicle
17 registered by a county auditor or agent to a county auditor pursuant to
18 RCW 46.01.140, the sum of two dollars shall be credited to the current
19 county expense fund.

1 (2) The remainder and the proceeds from the license fee under RCW
2 46.16.086 and the farm vehicle trip permit under RCW 46.16.162 shall be
3 distributed as follows:

4 (a) (~~((24.00))~~) 22.36 percent shall be deposited into the state
5 patrol highway account of the motor vehicle fund;

6 (b) (~~((1.8))~~) 1.375 percent shall be deposited into the Puget Sound
7 ferry operations account of the motor vehicle fund;

8 (c) (~~((6.38))~~) 5.237 percent shall be deposited into the
9 transportation 2003 account (nickel account); (~~and~~)

10 (d) (~~(On July 1, 2006, six million dollars shall be deposited into~~
11 ~~the freight mobility investment account created in RCW 46.68.300 and~~
12 ~~beginning on July 1, 2007, and every July 1st thereafter, three million~~
13 ~~dollars shall be deposited into the freight mobility investment account~~
14 ~~created in RCW 46.68.300;))~~) 11.533 percent shall be deposited into the
15 transportation partnership account created in RCW 46.68.290; and

16 (e) The remaining proceeds shall be deposited into the motor
17 vehicle fund.

18 **Sec. 2.** RCW 46.16.086 and 2005 c 314 s 203 are each amended to
19 read as follows:

20 In lieu of the license tab fees provided in RCW 46.16.0621, private
21 use single-axle trailers of two thousand pounds scale weight or less
22 may be licensed upon the payment of a license fee in the sum of fifteen
23 dollars, but only if the trailer is operated upon public highways. The
24 license fee must be collected annually for each registration year or
25 fraction of a registration year. This reduced license fee applies only
26 to trailers operated for personal use of the owners, and not trailers
27 held for rental to the public or used in any commercial or business
28 endeavor. The proceeds from the fees collected under this section
29 shall be distributed in accordance with RCW 46.68.035(2).

30 **Sec. 3.** RCW 46.16.162 and 2005 c 314 s 206 are each amended to
31 read as follows:

32 (1) The owner of a farm vehicle licensed under RCW 46.16.090
33 purchasing a monthly license under RCW 46.16.135 may, as an alternative
34 to the first partial month of the license registration, secure and
35 operate the vehicle under authority of a farm vehicle trip permit

1 issued by this state. The licensed gross weight may not exceed eighty
2 thousand pounds for a combination of vehicles nor forty thousand pounds
3 for a single unit vehicle with three or more axles.

4 (2) If a monthly license previously issued has expired, the owner
5 of a farm vehicle may, as an alternative to purchasing a full monthly
6 license, secure and operate the vehicle under authority of a farm
7 vehicle trip permit issued by this state. The licensed gross weight
8 may not exceed eighty thousand pounds for a combination of vehicles nor
9 forty thousand pounds for a single unit vehicle with three or more
10 axles.

11 (3) Each farm vehicle trip permit shall authorize the operation of
12 a single vehicle at the maximum legal weight limit for the vehicle for
13 the period remaining in the first month of monthly license, commencing
14 with the day of first use. No more than four such permits may be used
15 for any one vehicle in any twelve-month period. Every permit shall
16 identify, as the department may require, the vehicle for which it is
17 issued and shall be completed in its entirety and signed by the
18 operator before operation of the vehicle on the public highways of this
19 state. Correction of data on the permit such as dates, license number,
20 or vehicle identification number invalidates the permit. The farm
21 vehicle trip permit shall be displayed on the vehicle to which it is
22 issued as prescribed by the department.

23 (4) Vehicles operating under authority of farm vehicle trip permits
24 are subject to all laws, rules, and regulations affecting the operation
25 of like vehicles in this state.

26 (5) Farm vehicle trip permits may be obtained from the department
27 of licensing or agents and subagents appointed by the department. The
28 fee for each farm vehicle trip permit is six dollars and twenty-five
29 cents. Farm vehicle trip permits sold by the department's agents or
30 subagents are subject to fees specified in RCW 46.01.140 (4)(a),
31 (5)(b), or (6).

32 (6) The proceeds from farm vehicle trip permits received by the
33 director shall be forwarded to the state treasurer to be distributed as
34 provided in RCW 46.68.035(2).

35 (7) No exchange, credits, or refunds may be given for farm vehicle
36 trip permits after they have been purchased.

37 (8) The department of licensing may adopt rules as it deems
38 necessary to administer this section.

1 **Sec. 4.** RCW 46.68.135 and 2005 c 314 s 111 are each amended to
2 read as follows:

3 (~~Beginning~~) By July 1, (~~2007~~) 2006, and each year thereafter,
4 the state treasurer shall transfer (~~five~~) two and one-half million
5 dollars from the multimodal account to the transportation
6 infrastructure account created under RCW 82.44.190. The funds must be
7 distributed for rail capital improvements only.

8 **Sec. 5.** RCW 46.68.290 and 2005 c 314 s 104 are each amended to
9 read as follows:

10 (1) The transportation partnership account is hereby created in the
11 state treasury. All distributions to the account from RCW 46.68.090
12 must be deposited into the account. Money in the account may be spent
13 only after appropriation. Expenditures from the account must be used
14 only for projects or improvements identified as 2005 transportation
15 partnership projects or improvements in the omnibus transportation
16 appropriations act, including any principal and interest on bonds
17 authorized for the projects or improvements.

18 (2) (~~If a regional transportation plan has not been adopted by~~
19 ~~January 2007, the legislature intends to reprioritize allocation of~~
20 ~~funding for the projects identified on the 2005 transportation~~
21 ~~partnership project list so that complete and functioning~~
22 ~~transportation projects can be constructed in a reasonable time.~~

23 (3) ~~By January 1, 2006, the transportation performance audit board~~
24 ~~must develop performance measures and benchmarks for the evaluation of~~
25 ~~the expenditures of the transportation partnership account. The board~~
26 ~~must also develop an audit plan and schedule for audits of the~~
27 ~~performance of the department of transportation's delivery of the plan~~
28 ~~as defined by project list, schedule, and budget enacted by the~~
29 ~~legislature.~~

30 (4)) The legislature finds that:

31 (a) Citizens demand and deserve accountability of transportation-
32 related programs and expenditures. Transportation-related programs
33 must continuously improve in quality, efficiency, and effectiveness in
34 order to increase public trust;

35 (b) Transportation-related agencies that receive tax dollars must
36 continuously improve the way they operate and deliver services so
37 citizens receive maximum value for their tax dollars; and

1 (c) Fair, independent, comprehensive performance audits of
2 transportation-related agencies overseen by the elected state auditor
3 are essential to improving the efficiency, economy, and effectiveness
4 of the state's transportation system.

5 ~~((+5))~~ (3) For purposes of chapter 314, Laws of 2005:

6 (a) "Performance audit" means an objective and systematic
7 assessment of a state agency or agencies or any of their programs,
8 functions, or activities by the state auditor or designee in order to
9 help improve agency efficiency, effectiveness, and accountability.
10 Performance audits include economy and efficiency audits and program
11 audits.

12 (b) "Transportation-related agency" means any state agency, board,
13 or commission that receives funding primarily for transportation-
14 related purposes. At a minimum, the department of transportation, the
15 transportation improvement board or its successor entity, the county
16 road administration board or its successor entity, and the traffic
17 safety commission are considered transportation-related agencies. The
18 Washington state patrol and the department of licensing shall not be
19 considered transportation-related agencies under chapter 314, Laws of
20 2005.

21 ~~((+6))~~ (4) Within the authorities and duties under chapter 43.09
22 RCW, the state auditor shall establish criteria and protocols for
23 performance audits. Transportation-related agencies shall be audited
24 using criteria that include generally accepted government auditing
25 standards as well as legislative mandates and performance objectives
26 established by state agencies. Mandates include, but are not limited
27 to, agency strategies, timelines, program objectives, and mission and
28 goals as required in RCW 43.88.090.

29 ~~((+7))~~ (5) Within the authorities and duties under chapter 43.09
30 RCW, the state auditor may conduct performance audits for
31 transportation-related agencies. The state auditor shall contract with
32 private firms to conduct the performance audits.

33 ~~((+8))~~ (6) The audits may include:

34 (a) Identification of programs and services that can be eliminated,
35 reduced, consolidated, or enhanced;

36 (b) Identification of funding sources to the transportation-related
37 agency, to programs, and to services that can be eliminated, reduced,
38 consolidated, or enhanced;

1 (c) Analysis of gaps and overlaps in programs and services and
2 recommendations for improving, dropping, blending, or separating
3 functions to correct gaps or overlaps;

4 (d) Analysis and recommendations for pooling information technology
5 systems used within the transportation-related agency, and evaluation
6 of information processing and telecommunications policy, organization,
7 and management;

8 (e) Analysis of the roles and functions of the transportation-
9 related agency, its programs, and its services and their compliance
10 with statutory authority and recommendations for eliminating or
11 changing those roles and functions and ensuring compliance with
12 statutory authority;

13 (f) Recommendations for eliminating or changing statutes, rules,
14 and policy directives as may be necessary to ensure that the
15 transportation-related agency carry out reasonably and properly those
16 functions vested in the agency by statute;

17 (g) Verification of the reliability and validity of transportation-
18 related agency performance data, self-assessments, and performance
19 measurement systems as required under RCW 43.88.090;

20 (h) Identification of potential cost savings in the transportation-
21 related agency, its programs, and its services;

22 (i) Identification and recognition of best practices;

23 (j) Evaluation of planning, budgeting, and program evaluation
24 policies and practices;

25 (k) Evaluation of personnel systems operation and management;

26 (l) Evaluation of purchasing operations and management policies and
27 practices;

28 (m) Evaluation of organizational structure and staffing levels,
29 particularly in terms of the ratio of managers and supervisors to
30 nonmanagement personnel; and

31 (n) Evaluation of transportation-related project costs, including
32 but not limited to environmental mitigation, competitive bidding
33 practices, permitting processes, and capital project management.

34 ~~((9))~~ (7) Within the authorities and duties under chapter 43.09
35 RCW, the state auditor must provide the preliminary performance audit
36 reports to the audited state agency for comment. The auditor also may
37 seek input on the preliminary report from other appropriate officials.
38 Comments must be received within thirty days after receipt of the

1 preliminary performance audit report unless a different time period is
2 approved by the state auditor. The final performance audit report
3 shall include the objectives, scope, and methodology; the audit
4 results, including findings and recommendations; the agency's response
5 and conclusions; and identification of best practices.

6 ~~((+10+))~~ (8) The state auditor shall provide final performance
7 audit reports to the citizens of Washington, the governor, the joint
8 legislative audit and review committee, ~~((the—transportation
9 performance audit board,))~~ the appropriate legislative committees, and
10 other appropriate officials. Final performance audit reports shall be
11 posted on the internet.

12 ~~((+11+))~~ (9) The audited transportation-related agency is
13 responsible for follow-up and corrective action on all performance
14 audit findings and recommendations. The audited agency's plan for
15 addressing each audit finding and recommendation shall be included in
16 the final audit report. The plan shall provide the name of the contact
17 person responsible for each action, the action planned, and the
18 anticipated completion date. If the audited agency does not agree with
19 the audit findings and recommendations or believes action is not
20 required, then the action plan shall include an explanation and
21 specific reasons.

22 The office of financial management shall require periodic progress
23 reports from the audited agency until all resolution has occurred. The
24 office of financial management is responsible for achieving audit
25 resolution. The office of financial management shall annually report
26 by December 31st the status of performance audit resolution to the
27 appropriate legislative committees and the state auditor. The
28 legislature shall consider the performance audit results in connection
29 with the state budget process.

30 The auditor may request status reports on specific audits or
31 findings.

32 ~~((+12+))~~ (10) For the period from July 1, 2005, until June 30,
33 2007, the amount of \$4,000,000 is appropriated from the transportation
34 partnership account to the state auditors office for the purposes of
35 subsections ~~((+4+))~~ (2) through ~~((+11+))~~ (9) of this section.

36 ~~((+13+))~~ ~~When appointing the citizen members with performance~~
37 ~~measurement expertise to the transportation performance audit board,~~
38 ~~the governor shall appoint the state auditor, or his or her designee.~~

1 ~~(14) If the state auditor's financial audit of a transportation-~~
2 ~~related agency implies that a performance audit is warranted, the~~
3 ~~transportation performance audit board shall include in its annual work~~
4 ~~plan the performance audit recommended by the state auditor.))~~

5 NEW SECTION. **Sec. 6.** A new section is added to chapter 46.68 RCW
6 to read as follows:

7 (1) On July 1, 2006, and by each July 1st thereafter, the state
8 treasurer shall transfer from the transportation partnership account
9 created in RCW 46.68.290:

10 (a) One million dollars to the small city pavement and sidewalk
11 account created in RCW 47.26.340;

12 (b) Two and one-half million dollars to the transportation
13 improvement account created in RCW 47.26.084; and

14 (c) One and one-half million dollars to the county arterial
15 preservation account created in RCW 46.68.090(2)(i).

16 (2) On July 1, 2006, the state treasurer shall transfer six million
17 dollars from the transportation partnership account created in RCW
18 46.68.290 into the freight mobility investment account created in RCW
19 46.68.300 and by July 1, 2007, and by every July 1st thereafter, three
20 million dollars shall be deposited into the freight mobility investment
21 account.

22 NEW SECTION. **Sec. 7.** A new section is added to chapter 46.68 RCW
23 to read as follows:

24 The freight mobility multimodal account is created in the state
25 treasury. Money in the account may be spent only after appropriation.
26 Expenditures from the account may be used only for freight mobility
27 projects identified in the omnibus transportation appropriations act,
28 including any principal and interest on bonds authorized for the
29 projects or improvements.

30 NEW SECTION. **Sec. 8.** A new section is added to chapter 46.68 RCW
31 to read as follows:

32 (1) The regional mobility grant program account is hereby created
33 in the state treasury. Moneys in the account may be spent only after
34 appropriation. Expenditures from the account may be used only for the
35 grants provided under RCW 47.66.030.

1 (2) Beginning with September 2007, by the last day of September,
2 December, March, and June of each year, the state treasurer shall
3 transfer from the multimodal transportation account to the regional
4 mobility grant program account five million dollars.

5 (3) Beginning with September 2015, by the last day of September,
6 December, March, and June of each year, the state treasurer shall
7 transfer from the multimodal transportation account to the regional
8 mobility grant program account six million two hundred fifty thousand
9 dollars.

10 **Sec. 9.** RCW 46.17.010 and 2005 c 314 s 201 are each amended to
11 read as follows:

12 (1) There shall be paid and collected annually for motor vehicles
13 subject to the fee under RCW 46.16.0621, except motor homes, a vehicle
14 weight fee. The amount of the fee shall be based upon the vehicle
15 scale weight, which is correlated with vehicle size and roadway lane
16 usage. Fees imposed under this section must be used for transportation
17 purposes, and shall not be used for the general support of state
18 government. The vehicle weight fee shall be that portion of the fee as
19 reflected on the scale weight set forth in schedule B provided in RCW
20 46.16.070 that is in excess of the fee imposed under RCW 46.16.0621.
21 This fee is due at the time of initial and renewal of vehicle
22 registration.

23 (2) If the resultant weight according to this section is not listed
24 in schedule B provided in RCW 46.16.070, it shall be increased to the
25 next higher weight pursuant to chapter 46.44 RCW.

26 (3) For the purpose of administering this section, the department
27 shall rely on the vehicle empty scale weights as provided by vehicle
28 manufacturers, or other sources defined by the department, to determine
29 the weight of each vehicle. The department shall adopt rules for
30 determining weight for vehicles without manufacturer empty scale
31 weights.

32 (4) The vehicle weight fee under this section is imposed to provide
33 funds to mitigate the impact of vehicle loads on the state roads and
34 highways and is separate and distinct from other vehicle license fees.
35 Proceeds from the fee may be used for transportation purposes, or for
36 facilities and activities that reduce the number of vehicles or load
37 weights on the state roads and highways.

1 (5) The vehicle weight fee collected under this section shall be
2 deposited as follows:

3 (a) On July 1, 2006, six million dollars shall be deposited into
4 the freight mobility (~~((investment))~~) multimodal account created in (~~(RCW~~
5 ~~46.68.300)~~) section 7 of this act, and the remainder collected from
6 (~~(January 1, 2006)~~) the effective date of this section, through June
7 30, 2006, shall be deposited into the multimodal transportation
8 account;

9 (b) Beginning July 1, 2007, and every July 1st thereafter, three
10 million dollars shall be deposited into the freight mobility
11 (~~((investment))~~) multimodal account created in (~~(RCW 46.68.300)~~) section
12 7 of this act, and the remainder shall be deposited into the multimodal
13 transportation account.

14 **Sec. 10.** RCW 43.84.092 and 2005 c 514 s 1105, 2005 c 353 s 3, 2005
15 c 339 s 22, 2005 c 314 s 109, 2005 c 312 s 7, and 2005 c 94 s 1 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,

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

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

10 (a) The following accounts and funds shall receive their
11 proportionate share of earnings based upon each account's and fund's
12 average daily balance for the period: The capitol building
13 construction account, the Cedar River channel construction and
14 operation account, the Central Washington University capital projects
15 account, the charitable, educational, penal and reformatory
16 institutions account, the common school construction fund, the county
17 criminal justice assistance account, the county sales and use tax
18 equalization account, the data processing building construction
19 account, the deferred compensation administrative account, the deferred
20 compensation principal account, the department of retirement systems
21 expense account, the developmental disabilities community trust
22 account, the drinking water assistance account, the drinking water
23 assistance administrative account, the drinking water assistance
24 repayment account, the Eastern Washington University capital projects
25 account, the education construction fund, the education legacy trust
26 account, the election account, the emergency reserve fund, The
27 Evergreen State College capital projects account, the federal forest
28 revolving account, the freight mobility investment account, the freight
29 mobility multimodal account, the health services account, the public
30 health services account, the health system capacity account, the
31 personal health services account, the state higher education
32 construction account, the higher education construction account, the
33 highway infrastructure account, the high-occupancy toll lanes
34 operations account, the industrial insurance premium refund account,
35 the judges' retirement account, the judicial retirement administrative
36 account, the judicial retirement principal account, the local leasehold
37 excise tax account, the local real estate excise tax account, the local
38 sales and use tax account, the medical aid account, the mobile home

1 park relocation fund, the multimodal transportation account, the
2 municipal criminal justice assistance account, the municipal sales and
3 use tax equalization account, the natural resources deposit account,
4 the oyster reserve land account, the perpetual surveillance and
5 maintenance account, the public employees' retirement system plan 1
6 account, the public employees' retirement system combined plan 2 and
7 plan 3 account, the public facilities construction loan revolving
8 account beginning July 1, 2004, the public health supplemental account,
9 the Puyallup tribal settlement account, the real estate appraiser
10 commission account, the regional mobility grant program account, the
11 regional transportation investment district account, the resource
12 management cost account, the rural Washington loan fund, the site
13 closure account, the small city pavement and sidewalk account, the
14 special wildlife account, the state employees' insurance account, the
15 state employees' insurance reserve account, the state investment board
16 expense account, the state investment board commingled trust fund
17 accounts, the supplemental pension account, the Tacoma Narrows toll
18 bridge account, the teachers' retirement system plan 1 account, the
19 teachers' retirement system combined plan 2 and plan 3 account, the
20 tobacco prevention and control account, the tobacco settlement account,
21 the transportation infrastructure account, the transportation
22 partnership account, the tuition recovery trust fund, the University of
23 Washington bond retirement fund, the University of Washington building
24 account, the volunteer fire fighters' and reserve officers' relief and
25 pension principal fund, the volunteer fire fighters' and reserve
26 officers' administrative fund, the Washington fruit express account,
27 the Washington judicial retirement system account, the Washington law
28 enforcement officers' and fire fighters' system plan 1 retirement
29 account, the Washington law enforcement officers' and fire fighters'
30 system plan 2 retirement account, the Washington school employees'
31 retirement system combined plan 2 and 3 account, the Washington state
32 health insurance pool account, the Washington state patrol retirement
33 account, the Washington State University building account, the
34 Washington State University bond retirement fund, the water pollution
35 control revolving fund, and the Western Washington University capital
36 projects account. Earnings derived from investing balances of the
37 agricultural permanent fund, the normal school permanent fund, the
38 permanent common school fund, the scientific permanent fund, and the

1 state university permanent fund shall be allocated to their respective
2 beneficiary accounts. All earnings to be distributed under this
3 subsection (4)(a) shall first be reduced by the allocation to the state
4 treasurer's service fund 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 county arterial
9 preservation account, the department of licensing services account, the
10 essential rail assistance account, the ferry bond retirement fund, the
11 grade crossing protective fund, the high capacity transportation
12 account, the highway bond retirement fund, the highway safety account,
13 the motor vehicle fund, the motorcycle safety education account, the
14 pilotage account, the public transportation systems account, the Puget
15 Sound capital construction account, the Puget Sound ferry operations
16 account, the recreational vehicle account, the rural arterial trust
17 account, the safety and education account, the special category C
18 account, the state patrol highway account, the transportation 2003
19 account (nickel account), the transportation equipment fund, the
20 transportation fund, the transportation improvement account, the
21 transportation improvement board bond retirement account, and the urban
22 arterial trust account.

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

26 **Sec. 11.** RCW 43.84.092 and 2005 c 514 s 1106, 2005 c 353 s 4, 2005
27 c 339 s 23, 2005 c 314 s 110, 2005 c 312 s 8, and 2005 c 94 s 2 are
28 each reenacted and amended to read as follows:

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

32 (2) The treasury income account shall be utilized to pay or receive
33 funds associated with federal programs as required by the federal cash
34 management improvement act of 1990. The treasury income account is
35 subject in all respects to chapter 43.88 RCW, but no appropriation is
36 required for refunds or allocations of interest earnings required by
37 the cash management improvement act. Refunds of interest to the

1 federal treasury required under the cash management improvement act
2 fall under RCW 43.88.180 and shall not require appropriation. The
3 office of financial management shall determine the amounts due to or
4 from the federal government pursuant to the cash management improvement
5 act. The office of financial management may direct transfers of funds
6 between accounts as deemed necessary to implement the provisions of the
7 cash management improvement act, and this subsection. Refunds or
8 allocations shall occur prior to the distributions of earnings set
9 forth in subsection (4) of this section.

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

18 (4) Monthly, the state treasurer shall distribute the earnings
19 credited to the treasury income account. The state treasurer shall
20 credit the general fund with all the earnings credited to the treasury
21 income account except:

22 (a) The following accounts and funds shall receive their
23 proportionate share of earnings based upon each account's and fund's
24 average daily balance for the period: The capitol building
25 construction account, the Cedar River channel construction and
26 operation account, the Central Washington University capital projects
27 account, the charitable, educational, penal and reformatory
28 institutions account, the common school construction fund, the county
29 criminal justice assistance account, the county sales and use tax
30 equalization account, the data processing building construction
31 account, the deferred compensation administrative account, the deferred
32 compensation principal account, the department of retirement systems
33 expense account, the developmental disabilities community trust
34 account, the drinking water assistance account, the drinking water
35 assistance administrative account, the drinking water assistance
36 repayment account, the Eastern Washington University capital projects
37 account, the education construction fund, the education legacy trust
38 account, the election account, the emergency reserve fund, The

1 Evergreen State College capital projects account, the federal forest
2 revolving account, the freight mobility investment account, the freight
3 mobility multimodal account, the health services account, the public
4 health services account, the health system capacity account, the
5 personal health services account, the state higher education
6 construction account, the higher education construction account, the
7 highway infrastructure account, the high-occupancy toll lanes
8 operations account, the industrial insurance premium refund account,
9 the judges' retirement account, the judicial retirement administrative
10 account, the judicial retirement principal account, the local leasehold
11 excise tax account, the local real estate excise tax account, the local
12 sales and use tax account, the medical aid account, the mobile home
13 park relocation fund, 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 perpetual surveillance and
17 maintenance account, the public employees' retirement system plan 1
18 account, the public employees' retirement system combined plan 2 and
19 plan 3 account, the public facilities construction loan revolving
20 account beginning July 1, 2004, the public health supplemental account,
21 the public works assistance account, the Puyallup tribal settlement
22 account, the real estate appraiser commission account, the regional
23 mobility grant program account, the regional transportation investment
24 district account, the resource management cost account, the rural
25 Washington loan fund, the site closure account, the small city pavement
26 and sidewalk account, the special wildlife account, the state
27 employees' insurance account, the state employees' insurance reserve
28 account, the state investment board expense account, the state
29 investment board commingled trust fund accounts, the supplemental
30 pension account, the Tacoma Narrows toll bridge account, the teachers'
31 retirement system plan 1 account, the teachers' retirement system
32 combined plan 2 and plan 3 account, the tobacco prevention and control
33 account, the tobacco settlement account, the transportation
34 infrastructure account, the transportation partnership account, the
35 tuition recovery trust fund, the University of Washington bond
36 retirement fund, the University of Washington building account, the
37 volunteer fire fighters' and reserve officers' relief and pension
38 principal fund, the volunteer fire fighters' and reserve officers'

1 administrative fund, the Washington fruit express account, the
2 Washington judicial retirement system account, the Washington law
3 enforcement officers' and fire fighters' system plan 1 retirement
4 account, the Washington law enforcement officers' and fire fighters'
5 system plan 2 retirement account, the Washington public safety
6 employees' plan 2 retirement account, the Washington school employees'
7 retirement system combined plan 2 and 3 account, the Washington state
8 health insurance pool account, the Washington state patrol retirement
9 account, the Washington State University building account, the
10 Washington State University bond retirement fund, the water pollution
11 control revolving fund, and the Western Washington University capital
12 projects account. Earnings derived from investing balances of the
13 agricultural permanent fund, the normal school permanent fund, the
14 permanent common school fund, the scientific permanent fund, and the
15 state university permanent fund shall be allocated to their respective
16 beneficiary accounts. All earnings to be distributed under this
17 subsection (4)(a) shall first be reduced by the allocation to the state
18 treasurer's service fund pursuant to RCW 43.08.190.

19 (b) The following accounts and funds shall receive eighty percent
20 of their proportionate share of earnings based upon each account's or
21 fund's average daily balance for the period: The aeronautics account,
22 the aircraft search and rescue account, the county arterial
23 preservation account, the department of licensing services account, the
24 essential rail assistance account, the ferry bond retirement fund, the
25 grade crossing protective fund, the high capacity transportation
26 account, the highway bond retirement fund, the highway safety account,
27 the motor vehicle fund, the motorcycle safety education account, the
28 pilotage account, the public transportation systems account, the Puget
29 Sound capital construction account, the Puget Sound ferry operations
30 account, the recreational vehicle account, the rural arterial trust
31 account, the safety and education account, the special category C
32 account, the state patrol highway account, the transportation 2003
33 account (nickel account), the transportation equipment fund, the
34 transportation fund, the transportation improvement account, the
35 transportation improvement board bond retirement account, and the urban
36 arterial trust account.

37 (5) In conformance with Article II, section 37 of the state

1 Constitution, no treasury accounts or funds shall be allocated earnings
2 without the specific affirmative directive of this section.

3 **Sec. 12.** RCW 46.68.080 and 1961 c 12 s 46.68.080 are each amended
4 to read as follows:

5 ~~((All))~~ (1) Motor vehicle license fees ~~((and all motor vehicle))~~
6 collected under RCW 46.16.0621 and 46.16.070 and fuel taxes collected
7 under RCW 82.36.025(1) and 82.38.030(1) and directly or indirectly paid
8 by the residents of those counties composed entirely of islands and
9 which have neither a fixed physical connection with the mainland nor
10 any state highways on any of the islands of which they are composed,
11 shall be paid into the motor vehicle fund of the state of Washington
12 and shall monthly, as they accrue, and after deducting therefrom the
13 expenses of issuing such licenses and the cost of collecting such
14 ~~((motor))~~ vehicle fuel tax, be paid to the county treasurer of each
15 such county to be by him disbursed as hereinafter provided.

16 (2) One-half of ~~((all))~~ the motor vehicle license fees ~~((and motor~~
17 ~~vehicle))~~ collected under RCW 46.16.0621 and 46.16.070 and one-half of
18 the fuel taxes collected under RCW 82.36.025(1) and 82.38.030(1) and
19 directly or indirectly paid by the residents of those counties composed
20 entirely of islands and which have either a fixed physical connection
21 with the mainland or state highways on any of the islands of which they
22 are composed, shall be paid into the motor vehicle fund of the state of
23 Washington and shall monthly, as they accrue, and after deducting
24 therefrom the expenses of issuing such licenses and the cost of
25 collecting such motor vehicle fuel tax, be paid to the county treasurer
26 of each such county to be by him disbursed as hereinafter provided.

27 (3) All funds paid to the county treasurer of the counties of
28 either class ~~((above))~~ referred to ~~((as in this section provided))~~ in
29 subsections (1) and (2) of this section, shall be by such county
30 treasurer distributed and credited to the several road districts of
31 each such county and paid to the city treasurer of each incorporated
32 city and town within each such county, in the direct proportion that
33 the assessed valuation of each such road district and incorporated city
34 and town shall bear to the total assessed valuation of each such
35 county.

36 (4) The amount of motor vehicle fuel tax paid by the residents of
37 those counties composed entirely of islands shall, for the purposes of

1 this section, be that percentage of the total amount of motor vehicle
2 fuel tax collected in the state that the motor vehicle license fees
3 paid by the residents of counties composed entirely of islands bears to
4 the total motor vehicle license fees paid by the residents of the
5 state.

6 (5)(a) An amount of fuel taxes shall be deposited into the Puget
7 Sound ferry operations account. This amount shall equal the difference
8 between the total amount of fuel taxes collected in the state under RCW
9 82.36.020 and 82.38.030 less the total amount of fuel taxes collected
10 in the state under RCW 82.36.020(1) and 82.38.030(1) and be multiplied
11 by a fraction. The fraction shall equal the amount of motor vehicle
12 license fees collected under RCW 46.16.0621 and 46.16.070 from counties
13 described in subsection (1) of this section divided by the total amount
14 of motor vehicle license fees collected in the state under RCW
15 46.16.0621 and 46.16.070.

16 (b) An additional amount of fuel taxes shall be deposited into the
17 Puget Sound ferry operations account. This amount shall equal the
18 difference between the total amount of fuel taxes collected in the
19 state under RCW 82.36.020 and 82.38.030 less the total amount of fuel
20 taxes collected in the state under RCW 82.36.020(1) and 82.38.030(1)
21 and be multiplied by a fraction. The fraction shall equal the amount
22 of motor vehicle license fees collected under RCW 46.16.0621 and
23 46.16.070 from counties described in subsection (2) of this section
24 divided by the total amount of motor vehicle license fees collected in
25 the state under RCW 46.16.0621 and 46.16.070, and this shall be
26 multiplied by one-half.

27 NEW SECTION. Sec. 13. Section 10 of this act expires July 1,
28 2006.

29 NEW SECTION. Sec. 14. Section 11 of this act takes effect July 1,
30 2006.

31 NEW SECTION. Sec. 15. Section 1 of this act applies to license
32 fees due on or after July 1, 2006.

33 NEW SECTION. Sec. 16. Section 7 of this act is necessary for the

1 immediate preservation of the public peace, health, or safety, or
2 support of the state government and its existing public institutions,
3 and takes effect March 24, 2006.

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