
SUBSTITUTE SENATE BILL 5377

State of Washington

61st Legislature

2009 Regular Session

By Senate Economic Development, Trade & Innovation (originally sponsored by Senators Kilmer, McCaslin, Kastama, Fairley, Swecker, and Marr)

READ FIRST TIME 02/24/09.

1 AN ACT Relating to funding for residential infrastructure
2 development; amending RCW 43.330.010, 82.45.060, and 82.45.180;
3 reenacting and amending RCW 43.84.092; adding new sections to chapter
4 43.330 RCW; and adding a new section to chapter 43.135 RCW.

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

6 **Sec. 1.** RCW 43.330.010 and 2007 c 322 s 2 are each amended to read
7 as follows:

8 Unless the context clearly requires otherwise, the definitions in
9 this section apply throughout this chapter.

10 (1) "Affordable residential development" or "affordable housing"
11 means:

12 (a) For owner-occupied housing, housing that is owned and occupied
13 by a person or household with an income not exceeding one hundred
14 twenty percent of the median family income, adjusted for household
15 size; or

16 (b) For rental housing, housing that is rented and occupied by a
17 household with an income not exceeding eighty percent of the median
18 family income, adjusted for household size, whose monthly housing

1 costs, including utilities other than telephone, do not exceed thirty
2 percent of the household's monthly income.

3 (2) "Associate development organization" means a local economic
4 development nonprofit corporation that is broadly representative of
5 community interests.

6 ~~((+2))~~ (3) "Comparable replacement housing" means any dwelling
7 that is (a) decent, safe, and sanitary; (b) adequate in size to
8 accommodate the displaced occupants; (c) within the financial means of
9 the displaced occupants; (d) functionally equivalent to the housing
10 lost; (e) in an area not subject to unreasonably adverse environmental
11 conditions; and (f) in a location generally not less desirable than the
12 location of the displaced person's dwelling with respect to public
13 utilities, facilities, services, transit facilities, and the displaced
14 person's place of employment.

15 (4) "Consumer price index" means, for any calendar year, that
16 year's annual average consumer price index, for Washington state, for
17 wage earners and clerical workers, all items, compiled by the bureau of
18 labor and statistics, United States department of labor.

19 (5) "Dense" means the same as transit-supportive density.

20 (6) "Department" means the department of community, trade, and
21 economic development.

22 ~~((+3))~~ (7) "Director" means the director of the department of
23 community, trade, and economic development.

24 ~~((+4))~~ (8) "Eligible jurisdiction" means a county, city, or a
25 federally recognized Indian tribe in the state of Washington.

26 (9) "Financial institution" means a bank, trust company, mutual
27 savings bank, savings and loan association, or credit union authorized
28 to do business in this state under state or federal law.

29 ~~((+5))~~ (10) "High capacity transit station" means a stop or
30 station for public transportation that operates on a fixed guideway
31 rail system or bus rapid transit line designated by the department.

32 (11) "Increased regulatory flexibility" means reductions in
33 regulatory burdens on a receiving site, and may include, but is not
34 limited to, easing of parking requirements, impervious surface limits,
35 or setback requirements.

36 (12) "Low-income household" has the same meaning as in RCW
37 43.185A.010.

1 (13) "Major transit stop" means a stop for a bus or other transit
2 mode providing fixed route service in intervals of no more than thirty
3 minutes during peak hours of operation.

4 (14) "Market interest rate" means the current average market
5 interest rate as determined using a widely recognized current market
6 interest rate measurement selected by the department.

7 (15) "Microenterprise development organization" means a community
8 development corporation, a nonprofit development organization, a
9 nonprofit social services organization or other locally operated
10 nonprofit entity that provides services to low-income entrepreneurs.

11 ~~((+6))~~ (16) "Nonprofit organization" means an organization that is
12 tax exempt, or not required to apply for an exemption, under section
13 501(c)(3) of the federal internal revenue code, or under similar
14 successor provisions.

15 (17) "Receiving site" means an area that a city or county has
16 designated as a receiving site for the purposes of a transfer of
17 development rights.

18 (18) "Residential development" means a unit of housing that is
19 contained within a single, multifamily, or mixed-use development.

20 (19) "Rural and resource land transfer of development rights" means
21 transfer of development rights where the sending site is located on
22 rural or resource lands.

23 (20) "Sending site" means an area that a city or county has
24 designated as a sending site for the purposes of a transfer of
25 development rights.

26 (21) "Statewide microenterprise association" means a nonprofit
27 entity with microenterprise development organizations as members that
28 serves as an intermediary between the department of community, trade,
29 and economic development and local microenterprise development
30 organizations.

31 (22) "Transfer bonuses" means bonuses provided to transfer of
32 development rights receiving areas. Transfer bonuses may include, but
33 are not limited to, increased permitted height, density, or floor area
34 ratios.

35 (23) "Transfer of development rights" means the transfer of
36 development rights from a sending site to a receiving site. Transfer
37 of development rights may also include transfer bonuses or increased
38 regulatory flexibility.

1 (24) "Transit-proximate" means within one-half mile walking
2 distance of a high capacity transit station or within one-quarter mile
3 of another major transit stop.

4 (25) "Transit-supportive density" means a minimum average of fifty
5 units of residential development per acre within one-half mile of a
6 high capacity transit station and a minimum average of ten residential
7 development units per acre of land within one-quarter mile of another
8 major transit stop where units for each acre of land are measured as
9 net zoned density. The density requirements may be modified or waived
10 by the director for a particular project if: (a) The project area is
11 within one mile of an international airport; (b) the project area is
12 served by one or more high capacity light rail transit stations; and
13 (c) the proposed residential infrastructure development project is
14 consistent with the intent of this chapter.

15 (26) "Very low-income household" means a single person, family, or
16 unrelated persons living together whose adjusted income is less than
17 fifty percent of the median family income, adjusted for household size,
18 for the county where the project is located.

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

21 (1) The residential infrastructure program is created in the
22 department to provide loans to eligible jurisdictions and grants to
23 nonprofit organizations for public infrastructure that supports
24 increased capacity for dense, affordable residential development in
25 transit-proximate areas.

26 (2) The department may provide direct loans to eligible
27 jurisdictions for projects meeting the requirements of subsection (3)
28 of this section or provide grants to nonprofit organizations for
29 projects meeting the requirements of subsection (4) of this section.
30 Funds appropriated through the program must be used to pay for the cost
31 of public infrastructure projects that support increased capacity for
32 dense, affordable residential development in transit-proximate areas,
33 including the planning, construction, repair, reconstruction,
34 replacement, rehabilitation, or improvement of sidewalks, bicycle
35 facilities, streets and roads, bridges, publicly owned utilities,
36 drinking water systems, and storm and sanitary sewage systems. The
37 department may also provide loans to eligible jurisdictions or grants

1 to nonprofit organizations for the acquisition of real property when
2 the acquisition is directly related to the development of public
3 infrastructure projects to support dense, affordable residential
4 development in transit-proximate areas.

5 (3) An eligible jurisdiction seeking a loan from the residential
6 infrastructure program must:

7 (a) Designate a project area within its urban growth area
8 designated under RCW 36.70A.110 if the eligible jurisdiction plans
9 under RCW 36.70A.110, and demonstrate with official plans that overall
10 development within the project area will increase the supply of dense,
11 affordable residential development units and that the project area
12 currently, or will within eight years of the loan award, meets the
13 definitions of transit-proximate and will achieve minimum transit-
14 supportive density;

15 (b) Demonstrate that designated infrastructure projects, for which
16 an eligible jurisdiction seeks funding:

17 (i) Are contained in the eligible jurisdiction's capital facilities
18 element of the comprehensive plan under RCW 36.70A.070 if the eligible
19 jurisdiction plans under RCW 36.70A.070;

20 (ii) Maximize the use of existing infrastructure; and

21 (iii) Will increase existing system capacity to accommodate
22 projected population growth in a manner that supports infill and
23 redevelopment of existing urban areas;

24 (c) Demonstrate a commitment to promoting affordable residential
25 development within the designated project area through:

26 (i) Local funding commitments to affordable residential housing
27 projects in the proposed project area; or

28 (ii) The official adoption and implementation of policies and
29 ordinances that include affordable housing incentive initiatives, such
30 as those outlined within RCW 36.70A.540, or other policies and programs
31 intended to promote the creation of affordable housing;

32 (d) Include a plan to construct, or pay for the construction of,
33 comparable replacement housing within the eligible jurisdiction when
34 housing units are lost as a direct result of the public infrastructure
35 projects funded under this program. A residential unit lost as a
36 result of the infrastructure project must be replaced one-for-one with
37 a unit at an equal or better affordability rate, and relocation
38 assistance must be paid to any displaced households. Projects

1 receiving financing from the residential infrastructure program must
2 comply with any relocation standards and requirements and real property
3 acquisition policies established by the department as a condition of
4 residential infrastructure program assistance; and

5 (e) Commit to paying the prevailing wage as described under RCW
6 39.12.020 for each infrastructure project.

7 (4) A nonprofit organization seeking grant funds from the
8 residential infrastructure program must:

9 (a) Demonstrate that the funding will support public infrastructure
10 projects or the acquisition of property related to the development of
11 infrastructure projects, as described in subsection (2) of this
12 section, related to a specific affordable residential development that
13 has also received a commitment of funding from the Washington housing
14 trust fund under chapter 43.185 or 43.185A RCW;

15 (b) Demonstrate that the area in which the infrastructure project
16 will take place is within an urban growth area designated by a local
17 jurisdiction under RCW 36.70A.110 if the local jurisdiction plans under
18 RCW 36.70A.110, and demonstrate with official plans from the
19 jurisdiction that overall development within the project area will
20 increase the supply of dense, affordable residential development and
21 that the project area currently, or will within eight years of the
22 grant award, meets the definitions of transit-proximate and will
23 achieve minimum transit-supportive density;

24 (c) Demonstrate that the specific affordable housing development
25 described in (a) of this subsection will, within eight years of the
26 grant award, contribute to an increase in the supply of dense,
27 affordable residential development within the area referenced in (b) of
28 this subsection; and

29 (d) Comply with the requirements of subsection (3)(d) of this
30 section, related to the provision of comparable replacement housing and
31 relocation standards and requirements.

32 (5) The department must determine each year the total amount of
33 funding available in loans and grants and each county's share based on
34 the percentage of statewide real estate excise tax collections that
35 came from the county, and must establish the total amount of financial
36 assistance to be appropriated to eligible jurisdiction and nonprofit
37 organization applicants in each county. Individual project allocations
38 must be based on: (a) The total amount of money appropriated to the

1 county under the program; (b) the quality of applications received; (c)
2 the best available projections of total revenue likely to be available
3 for the program for the subsequent three years; and (d) relative
4 density within the county, with a focus on building infrastructure in
5 the most dense parts of the county. The total amount of financial
6 assistance allocated must not exceed ten million dollars per project
7 loan for eligible jurisdictions and not exceed one million dollars per
8 project grant for nonprofit organizations. The maximum project funding
9 limits established in this section must be adjusted for inflation by
10 the office of financial management every other year beginning July 1,
11 2011, based upon changes in the consumer price index during the time
12 period since the last adjustment. If the bureau of labor and
13 statistics develops more than one consumer price index for areas within
14 the state, the index covering the greatest number of people, covering
15 areas exclusively within the boundaries of the state, and including all
16 items shall be used for the adjustments for inflation in this section.
17 The office of financial management must calculate the new maximum
18 project funding limits and transmit those new limits to the department.

19 (6) Loan interest rates must not exceed one-half of one percent a
20 year. The interest rate must be noted in the closing documents for all
21 loans, and must be included in all grant contracts for use in the event
22 the grant must be repaid with interest. The department must establish
23 policies, priorities, and procedures by which all or part of a loan may
24 be forgiven if an eligible jurisdiction:

25 (a) Creates a significantly greater number of affordable
26 residential housing units within the project area than the number
27 agreed to during loan contract negotiations;

28 (b) Creates a significant number of residential units that are
29 available and affordable to households of income levels significantly
30 below the maximum income levels allowable under the program; or

31 (c) Significantly exceeds program expectations in other ways to be
32 identified by the department.

33 (7) During each fiscal year in which funds are available for use by
34 the department for the residential infrastructure program, the
35 department must announce to all known interested parties, and through
36 major media throughout the state, a competitive application period for
37 each county of at least ninety days' duration. This announcement must

1 be made as often as the director deems appropriate for proper
2 utilization of resources.

3 (8) The department shall establish a competitive process for loan
4 and grant awards within each county and shall review and prioritize
5 proposals in consultation with the public works board and the
6 transportation improvement board or designees selected by those boards
7 to represent them, as well as county government.

8 (a) Within each county, priority must be awarded to projects that
9 include plans to:

- 10 (i) Maximize capacity to accommodate growth;
- 11 (ii) Maximize residential density;
- 12 (iii) Maximize the number of affordable housing units;
- 13 (iv) Maintain the affordability of the housing for the longest
14 period of time;
- 15 (v) Maximize affordability to low-income households and very low-
16 income households;
- 17 (vi) Maximize access to public transit;
- 18 (vii) Demonstrate readiness to proceed; and
- 19 (viii) Take place in the most dense regions of the county.

20 (b) The department shall give additional consideration to
21 jurisdictions that demonstrate a commitment to creating receiving areas
22 for rural and resource land transfer of development rights, which may
23 be demonstrated through one of the following actions, listed in order
24 of highest value and priority:

25 (i) The jurisdiction has in place at the time of application,
26 within the area specified by the application or in other areas within
27 the jurisdiction, designated receiving sites for rural and resource
28 land transfer of development rights established through an ordinance by
29 the jurisdiction and an interlocal agreement with a sending site
30 jurisdiction that enables transfers from rural and resource lands;

31 (ii) The jurisdiction has in place at the time of application,
32 within the area specified by the application or in other areas within
33 the jurisdiction, designated receiving sites for rural and resource
34 land transfer of development rights established through an ordinance by
35 the jurisdiction; or

36 (iii) The jurisdiction states in its comprehensive plan at the time
37 of application a commitment to consider the development and

1 implementation of a rural and resource land transfer of development
2 rights program.

3 (9) If a county's share of residential infrastructure development
4 funds under subsection (5) of this section is not exhausted by February
5 of the year immediately following an allocation, remaining funds may be
6 allocated to unfunded applications from other counties. These
7 allocations must prioritize loans over grants, and any loan repayment
8 proceeds must be returned to the originating county's account for use
9 in future fiscal years.

10 (10) Eligible jurisdictions and nonprofit organizations that
11 receive support from the residential infrastructure program must report
12 to the department annually by December 31st of each year following the
13 date of the receipt of the loan or grant until ten years after the
14 completion of the infrastructure project.

15 (a) Reporting before and during the construction of the
16 infrastructure project must include information on the status of the
17 project, the estimated completion date, and any variations from the
18 approved proposal.

19 (b) Reporting after completion of the project must include a
20 description of how the project area is transit-proximate and has
21 achieved transit-supportive density requirements or how the eligible
22 jurisdiction or nonprofit organization is working toward complying with
23 those requirements. The report must also include information about the
24 status of the residential development occurring within the project
25 area, including:

26 (i) The total number of residential units developed or under
27 construction; and

28 (ii) The total number of residential units meeting the definition
29 of affordable residential development.

30 (11)(a) If an infrastructure project funded by the residential
31 infrastructure program is not completed by the agreed upon date or
32 varies substantially from the approved proposal in a way that will
33 result in the creation of less affordable residential development than
34 that agreed to at the time of the project funding award as a condition
35 of the funding, the eligible jurisdiction or nonprofit organization
36 associated with the project shall make the necessary project
37 adjustments as determined by the department or refund all or a portion
38 of the loan or grant amount.

1 (b) If an eligible jurisdiction rescinds its public commitment to
2 promoting affordable residential development within the designated
3 project area by changing officially adopted policies and ordinances or
4 failing to implement these policies and ordinances, eligible
5 jurisdictions may be required to refund all or a portion of the
6 principal loan amount plus compounded interest calculated at the
7 current market interest rate.

8 (c) If a nonprofit organization fails to produce the agreed upon
9 number of affordable residential units within its designated project,
10 the nonprofit organizations may be required to refund all or a portion
11 of its grant amount plus compounded interest calculated at the current
12 market interest rate.

13 (d) The department may grant a partial or total exemption from the
14 repayment requirement under this section if the department determines
15 that a project is substantially complete or that the property has been
16 substantially used in keeping with the original affordable residential
17 housing purpose of the loan or grant.

18 NEW SECTION. **Sec. 3.** A new section is added to chapter 43.330 RCW
19 to read as follows:

20 The residential infrastructure account is created in the state
21 treasury. All receipts from transfers to the account under section 4
22 of this act, repayments of loans or grants made under section 2 of this
23 act, and other sources identified by the legislature must be deposited
24 into the account. Moneys in the account may be spent only after
25 appropriation. Expenditures from the account may be used only for the
26 purposes identified in section 2 of this act.

27 NEW SECTION. **Sec. 4.** A new section is added to chapter 43.135 RCW
28 to read as follows:

29 (1) By August 31, 2010, and by August 31st of each year thereafter,
30 the state treasurer shall transfer the excess real estate excise tax
31 growth amount from the general fund as follows:

32 (a) Fifty percent to the residential infrastructure account created
33 in section 3 of this act; and

34 (b) Fifty percent to the public facilities construction loan
35 revolving account created in RCW 43.160.080.

1 (2) By August 1, 2010, and by August 1st of each year thereafter,
2 the director of the office of financial management shall notify the
3 state treasurer of the amount to be transferred to the residential
4 infrastructure account and the public facilities construction loan
5 revolving account.

6 (3) By August 1, 2010, and by August 1st of each year thereafter,
7 the director of the office of financial management shall notify the
8 department of community, trade, and economic development of the county-
9 by-county breakdown of real estate excise tax collections.

10 (4) RCW 43.135.035(4) does not apply to the transfers required
11 under this section.

12 (5) For the purposes of this section:

13 (a) "Excess growth factor" means the difference between the annual
14 growth in real estate excise tax collections and the fiscal growth
15 factor, as determined under this chapter. If the difference is zero or
16 less, the excess growth factor is zero.

17 (b) "Excess real estate excise tax growth amount" means the lesser
18 of fifty million dollars or the dollar amount derived by multiplying
19 real estate excise tax collections by the excess growth factor.

20 (c) "Fiscal growth factor" means the average growth in state
21 personal income for the previous ten years.

22 (d) "Prior fiscal year" means the fiscal year prior to the fiscal
23 year in which the transfer under subsection (1) of this section is
24 made.

25 (e) "Real estate excise tax collections" means the excise tax
26 collections under chapter 82.45 RCW that are deposited into the general
27 fund under RCW 82.45.060(2)(c) in the prior fiscal year.

28 **Sec. 5.** RCW 82.45.060 and 2005 c 450 s 1 are each amended to read
29 as follows:

30 (1) There is imposed an excise tax upon each sale of real property
31 at the rate of one and twenty-eight one-hundredths percent of the
32 selling price.

33 (2) The tax imposed under subsection (1) of this section shall be
34 distributed as provided in this subsection.

35 (a) An amount equal to six and one-tenth percent of the proceeds of
36 this tax to the state treasurer shall be deposited in the public works
37 assistance account created in RCW 43.155.050.

1 **(b)** An amount equal to one and six-tenths percent of the proceeds
2 of this tax to the state treasurer shall be deposited in the city-
3 county assistance account created in RCW 43.08.290.

4 **(c) The remainder shall be deposited in the general fund.**

5 **Sec. 6.** RCW 82.45.180 and 2006 c 312 s 1 are each amended to read
6 as follows:

7 (1)(a) For taxes collected by the county under this chapter, the
8 county treasurer shall collect a five-dollar fee on all transactions
9 required by this chapter where the transaction does not require the
10 payment of tax. A total of five dollars shall be collected in the form
11 of a tax and fee, where the calculated tax payment is less than five
12 dollars. Through June 30, 2006, the county treasurer shall place one
13 percent of the taxes collected by the county under this chapter and the
14 treasurer's fee in the county current expense fund to defray costs of
15 collection. After June 30, 2006, the county treasurer shall place one
16 and three-tenths percent of the taxes collected by the county under
17 this chapter and the treasurer's fee in the county current expense fund
18 to defray costs of collection. For taxes collected by the county under
19 this chapter before July 1, 2006, the county treasurer shall pay over
20 to the state treasurer and account to the department of revenue for the
21 proceeds at the same time the county treasurer remits funds to the
22 state under RCW 84.56.280. For taxes collected by the county under
23 this chapter after June 30, 2006, on a monthly basis the county
24 treasurer shall pay over to the state treasurer the month's
25 transmittal. The month's transmittal must be received by the state
26 treasurer by 12:00 p.m. on the last working day of each month. The
27 county treasurer shall account to the department for the month's
28 transmittal by the twentieth day of the month following the month in
29 which the month's transmittal was paid over to the state treasurer.
30 The state treasurer shall deposit the proceeds (~~in the general fund~~)
31 as provided in RCW 82.45.060(2).

32 (b) For purposes of this subsection, the definitions in this
33 subsection apply.

34 (i) "Close of business" means the time when the county treasurer
35 makes his or her daily deposit of proceeds.

36 (ii) "Month's transmittal" means all proceeds deposited by the
37 county through the close of business of the day that is two working

1 days before the last working day of the month. This definition of
2 "month's transmittal" shall not be construed as requiring any change in
3 a county's practices regarding the timing of its daily deposits of
4 proceeds.

5 (iii) "Proceeds" means moneys collected and receipted by the county
6 from the taxes imposed by this chapter, less the county's share of the
7 proceeds used to defray the county's costs of collection allowable in
8 (a) of this subsection.

9 (iv) "Working day" means a calendar day, except Saturdays, Sundays,
10 and all legal holidays as provided in RCW 1.16.050.

11 (2) For taxes collected by the department of revenue under this
12 chapter, the department shall remit the tax to the state treasurer who
13 shall deposit the proceeds of any state tax (~~(in the general fund)~~) as
14 provided in RCW 82.45.060(2). The state treasurer shall deposit the
15 proceeds of any local taxes imposed under chapter 82.46 RCW in the
16 local real estate excise tax account hereby created in the state
17 treasury. Moneys in the local real estate excise tax account may be
18 spent only for distribution to counties, cities, and towns imposing a
19 tax under chapter 82.46 RCW. Except as provided in RCW 43.08.190, all
20 earnings of investments of balances in the local real estate excise tax
21 account shall be credited to the local real estate excise tax account
22 and distributed to the counties, cities, and towns monthly. Monthly
23 the state treasurer shall make distribution from the local real estate
24 excise tax account to the counties, cities, and towns the amount of tax
25 collected on behalf of each taxing authority. The state treasurer
26 shall make the distribution under this subsection without
27 appropriation.

28 (3)(a) The real estate excise tax electronic technology account is
29 created in the custody of the state treasurer. An appropriation is not
30 required for expenditures and the account is not subject to allotment
31 procedures under chapter 43.88 RCW.

32 (b) Through June 30, 2010, the county treasurer shall collect an
33 additional five-dollar fee on all transactions required by this
34 chapter, regardless of whether the transaction requires the payment of
35 tax. The county treasurer shall remit this fee to the state treasurer
36 at the same time the county treasurer remits funds to the state under
37 subsection (1) of this section. The state treasurer shall place money
38 from this fee in the real estate excise tax electronic technology

1 account. By the twentieth day of the subsequent month, the state
2 treasurer shall distribute to each county treasurer according to the
3 following formula: Three-quarters of the funds available shall be
4 equally distributed among the thirty-nine counties; and the balance
5 shall be ratably distributed among the counties in direct proportion to
6 their population as it relates to the total state's population based on
7 most recent statistics by the office of financial management.

8 (c) When received by the county treasurer, the funds shall be
9 placed in a special real estate excise tax electronic technology fund
10 held by the county treasurer to be used exclusively for the
11 development, implementation, and maintenance of an electronic
12 processing and reporting system for real estate excise tax affidavits.
13 Funds may be expended to make the system compatible with the automated
14 real estate excise tax system developed by the department and
15 compatible with the processes used in the offices of the county
16 assessor and county auditor. Any funds held in the account that are
17 not expended by July 1, 2015, revert to the county capital improvements
18 fund in accordance with RCW 82.46.010.

19 **Sec. 7.** RCW 43.84.092 and 2008 c 128 s 19 and 2008 c 106 s 4 are
20 each reenacted and amended to read as follows:

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

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

1 allocations shall occur prior to the distributions of earnings set
2 forth in subsection (4) of this section.

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

11 (4) Monthly, the state treasurer shall distribute the earnings
12 credited to the treasury income account. The state treasurer shall
13 credit the general fund with all the earnings credited to the treasury
14 income account except:

15 The following accounts and funds shall receive their proportionate
16 share of earnings based upon each account's and fund's average daily
17 balance for the period: The aeronautics account, the aircraft search
18 and rescue account, the budget stabilization account, the capitol
19 building construction account, the Cedar River channel construction and
20 operation account, the Central Washington University capital projects
21 account, the charitable, educational, penal and reformatory
22 institutions account, the cleanup settlement account, the Columbia
23 river basin water supply development account, the common school
24 construction fund, the county arterial preservation account, the county
25 criminal justice assistance account, the county sales and use tax
26 equalization account, the data processing building construction
27 account, the deferred compensation administrative account, the deferred
28 compensation principal account, the department of licensing services
29 account, the department of retirement systems expense account, the
30 developmental disabilities community trust account, the drinking water
31 assistance account, the drinking water assistance administrative
32 account, the drinking water assistance repayment account, the Eastern
33 Washington University capital projects account, the education
34 construction fund, the education legacy trust account, the election
35 account, the energy freedom account, the essential rail assistance
36 account, The Evergreen State College capital projects account, the
37 federal forest revolving account, the ferry bond retirement fund, the
38 freight congestion relief account, the freight mobility investment

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

1 account, the tobacco settlement account, the transportation 2003
2 account (nickel account), the transportation equipment fund, the
3 transportation fund, the transportation improvement account, the
4 transportation improvement board bond retirement account, the
5 transportation infrastructure account, the transportation partnership
6 account, the traumatic brain injury account, the tuition recovery trust
7 fund, the University of Washington bond retirement fund, the University
8 of Washington building account, the urban arterial trust account, the
9 volunteer firefighters' and reserve officers' relief and pension
10 principal fund, the volunteer firefighters' and reserve officers'
11 administrative fund, the Washington fruit express account, the
12 Washington judicial retirement system account, the Washington law
13 enforcement officers' and firefighters' system plan 1 retirement
14 account, the Washington law enforcement officers' and firefighters'
15 system plan 2 retirement account, the Washington public safety
16 employees' plan 2 retirement account, the Washington school employees'
17 retirement system combined plan 2 and 3 account, the Washington state
18 health insurance pool account, the Washington state patrol retirement
19 account, the Washington State University building account, the
20 Washington State University bond retirement fund, the water pollution
21 control revolving fund, and the Western Washington University capital
22 projects account. Earnings derived from investing balances of the
23 agricultural permanent fund, the normal school permanent fund, the
24 permanent common school fund, the scientific permanent fund, and the
25 state university permanent fund shall be allocated to their respective
26 beneficiary accounts. All earnings to be distributed under this
27 subsection (4)(a) shall first be reduced by the allocation to the state
28 treasurer's service fund pursuant to RCW 43.08.190.

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

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