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HOUSE BILL 2014

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State of Washington

56th Legislature

1999 Regular Session

By Representatives Cody, Campbell, Skinner, O'Brien, Edmonds, Kenney, Lantz, Rockefeller, Keiser, Conway, Regala, Murray, Lovick, Schual-Berke, Wolfe, Dickerson, Veloria, Ruderman, Santos, Kagi, Haigh and Kessler; by request of Governor Locke and Attorney General

Read first time 02/12/1999. Referred to Committee on Appropriations.

1 AN ACT Relating to moneys received by the state under litigation  
2 against the tobacco industry; amending RCW 43.84.092 and 43.84.092;  
3 adding new sections to chapter 43.79 RCW; adding new sections to  
4 chapter 43.70 RCW; creating a new section; providing an effective date;  
5 providing an expiration date; and declaring an emergency.

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

7 NEW SECTION. **Sec. 1.** A new section is added to chapter 43.79 RCW  
8 to read as follows:

9 The legislature recognizes that the citizens of the state of  
10 Washington have suffered substantial harm as a result of the marketing,  
11 sale, and use of tobacco products. Moneys received by the state of  
12 Washington in accordance with the settlement of the state's legal  
13 action against tobacco product manufacturers, exclusive of costs and  
14 attorneys' fees, shall be deposited in the tobacco settlement account  
15 created in section 2 of this act.

16 NEW SECTION. **Sec. 2.** A new section is added to chapter 43.79 RCW  
17 to read as follows:

1       The tobacco settlement account is created in the state treasury.  
2 Moneys in the tobacco settlement account may only be transferred to the  
3 health services account for the purposes set forth in RCW 43.72.900,  
4 and to the tobacco prevention and control account created in section 3  
5 of this act, for purposes set forth in section 3 of this act.

6       NEW SECTION.   **Sec. 3.** A new section is added to chapter 43.79 RCW  
7 to read as follows:

8       (1) The tobacco prevention and control account is created in the  
9 state treasury. The source of revenue for this account is moneys  
10 transferred to the account from the tobacco settlement account,  
11 investment earnings, and donations to the account.

12       (2) The tobacco prevention and control account shall be  
13 administered by the department of health, in consultation with the  
14 tobacco prevention and control advisory board created in section 4 of  
15 this act. Annually by November 1st, the department of health shall  
16 provide an accounting of the account for the prior fiscal year, to the  
17 fiscal committees of the legislature.

18       (3) Moneys in the account may be spent by the secretary of the  
19 department of health only for public health purposes relating to  
20 tobacco, including but not limited to enforcing prohibitions on tobacco  
21 sales to minors, countermarketing and advertising efforts relating to  
22 tobacco, school and community educational programs discouraging tobacco  
23 use, tobacco use cessation programs, research regarding tobacco related  
24 illnesses, and administrative expenses of the tobacco prevention and  
25 control board. Moneys in the account may be spent without  
26 appropriation.

27       (4) Expenditures from the account shall begin in fiscal year 2001,  
28 and for any fiscal year shall not exceed twenty million six hundred  
29 thousand dollars. These limitations shall not apply to appropriations  
30 from the account to the department of health, if any.

31       NEW SECTION.   **Sec. 4.** A new section is added to chapter 43.70 RCW  
32 to read as follows:

33       There is hereby created the tobacco prevention and control advisory  
34 board to consist of fourteen members designated or appointed as  
35 provided in this section.

36       (1) The attorney general or the attorney general's designee.

1 (2) One member of the senate, designated by the president of the  
2 senate.

3 (3) One member of the house of representatives, designated by the  
4 speaker of the house of representatives.

5 (4) One member of the governor's policy staff, designated by the  
6 governor.

7 (5) Two members representing populations at risk for tobacco use,  
8 appointed by the governor. The initial term of appointment for one  
9 member is two years and for the other member, three years.

10 (6) Three members having demonstrated interest in and backgrounds  
11 beneficial to controlling and preventing the use of tobacco, appointed  
12 by the governor. The initial term of appointment for two members is  
13 two years and for the remaining member, three years.

14 (7) One tribal representative, appointed by the governor. The  
15 initial term of appointment is two years.

16 (8) Two members of the public health community, appointed by the  
17 secretary of the department of health. The initial term of appointment  
18 for one member is two years and for the second member, three years.

19 (9) The secretary of the department of health or the secretary's  
20 designee.

21 (10) The superintendent of public instruction or the  
22 superintendent's designee.

23 Any appointed member of the board remains a board member until his  
24 or her successor is appointed. Appointed members of the board may be  
25 reappointed for additional terms. Appointments for vacancies are made  
26 for the unexpired term, in the same manner as the original appointment.  
27 After the term of initial appointment, the term of appointed members of  
28 the board is three years. Any appointed member of the board may be  
29 removed for cause by the authority appointing that member.

30 The attorney general or the attorney general's designee shall serve  
31 as chair of the board for an initial two-year term. Thereafter, the  
32 board shall select a chair from among its members. The board shall  
33 adopt procedures for conducting its affairs and accomplishing its  
34 duties. Necessary administrative support for the board shall be  
35 provided by the department of health.

36 Members of the board who are state officers or employees shall  
37 serve without additional compensation or reimbursement for expenses.  
38 Such members shall be compensated and reimbursed for expenses by their  
39 employer and according to their regular position or employment.

1 Members of the board who are not state officers or employees shall be  
2 reimbursed for expenses as provided in RCW 43.03.220.

3 NEW SECTION. **Sec. 5.** A new section is added to chapter 43.70 RCW  
4 to read as follows:

5 The board shall advise and assist the secretary of the department  
6 of health in developing, selecting, and evaluating strategies for the  
7 tobacco prevention and control efforts that are supported by the  
8 tobacco prevention and control account, and in monitoring selected  
9 strategies and efforts.

10 NEW SECTION. **Sec. 6.** The state treasurer is authorized and  
11 directed to transfer a total of one hundred fifty-five million dollars  
12 from the tobacco settlement account, to the tobacco prevention and  
13 control account, upon authorization of the director of financial  
14 management. The director shall authorize transfer of the total amount  
15 no later than June 30, 2001.

16 **Sec. 7.** RCW 43.84.092 and 1997 c 218 s 5 are each amended to read  
17 as follows:

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

21 (2) The treasury income account shall be utilized to pay or receive  
22 funds associated with federal programs as required by the federal cash  
23 management improvement act of 1990. The treasury income account is  
24 subject in all respects to chapter 43.88 RCW, but no appropriation is  
25 required for refunds or allocations of interest earnings required by  
26 the cash management improvement act. Refunds of interest to the  
27 federal treasury required under the cash management improvement act  
28 fall under RCW 43.88.180 and shall not require appropriation. The  
29 office of financial management shall determine the amounts due to or  
30 from the federal government pursuant to the cash management improvement  
31 act. The office of financial management may direct transfers of funds  
32 between accounts as deemed necessary to implement the provisions of the  
33 cash management improvement act, and this subsection. Refunds or  
34 allocations shall occur prior to the distributions of earnings set  
35 forth in subsection (4) of this section.

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

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

13 (a) The following accounts and funds shall receive their  
14 proportionate share of earnings based upon each account's and fund's  
15 average daily balance for the period: The capitol building  
16 construction account, the Cedar River channel construction and  
17 operation account, the Central Washington University capital projects  
18 account, the charitable, educational, penal and reformatory  
19 institutions account, the common school construction fund, the county  
20 criminal justice assistance account, the county sales and use tax  
21 equalization account, the data processing building construction  
22 account, the deferred compensation administrative account, the deferred  
23 compensation principal account, the department of retirement systems  
24 expense account, the drinking water assistance account, the Eastern  
25 Washington University capital projects account, the education  
26 construction fund, the emergency reserve fund, the federal forest  
27 revolving account, the health services account, the public health  
28 services account, the health system capacity account, the personal  
29 health services account, the highway infrastructure account, the  
30 industrial insurance premium refund account, the judges' retirement  
31 account, the judicial retirement administrative account, the judicial  
32 retirement principal account, the local leasehold excise tax account,  
33 the local real estate excise tax account, the local sales and use tax  
34 account, the medical aid account, the mobile home park relocation fund,  
35 the municipal criminal justice assistance account, the municipal sales  
36 and use tax equalization account, the natural resources deposit  
37 account, the perpetual surveillance and maintenance account, the public  
38 employees' retirement system plan I account, the public employees'  
39 retirement system plan II account, the Puyallup tribal settlement

1 account, the resource management cost account, the site closure  
2 account, the special wildlife account, the state employees' insurance  
3 account, the state employees' insurance reserve account, the state  
4 investment board expense account, the state investment board commingled  
5 trust fund accounts, the supplemental pension account, the teachers'  
6 retirement system plan I account, the teachers' retirement system plan  
7 II account, the tobacco prevention and control account, the tobacco  
8 settlement account, the transportation infrastructure account, the  
9 tuition recovery trust fund, the University of Washington bond  
10 retirement fund, the University of Washington building account, the  
11 volunteer fire fighters' relief and pension principal account, the  
12 volunteer fire fighters' relief and pension administrative account, the  
13 Washington judicial retirement system account, the Washington law  
14 enforcement officers' and fire fighters' system plan I retirement  
15 account, the Washington law enforcement officers' and fire fighters'  
16 system plan II retirement account, the Washington state patrol  
17 retirement account, the Washington State University building account,  
18 the Washington State University bond retirement fund, the water  
19 pollution control revolving fund, and the Western Washington University  
20 capital projects account. Earnings derived from investing balances of  
21 the agricultural permanent fund, the normal school permanent fund, the  
22 permanent common school fund, the scientific permanent fund, and the  
23 state university permanent fund shall be allocated to their respective  
24 beneficiary accounts. All earnings to be distributed under this  
25 subsection (4)(a) shall first be reduced by the allocation to the state  
26 treasurer's service fund pursuant to RCW 43.08.190.

27 (b) The following accounts and funds shall receive eighty percent  
28 of their proportionate share of earnings based upon each account's or  
29 fund's average daily balance for the period: The aeronautics account,  
30 the aircraft search and rescue account, the central Puget Sound public  
31 transportation account, the city hardship assistance account, the  
32 county arterial preservation account, the department of licensing  
33 services account, the economic development account, the essential rail  
34 assistance account, the essential rail banking account, the ferry bond  
35 retirement fund, the gasohol exemption holding account, the grade  
36 crossing protective fund, the high capacity transportation account, the  
37 highway bond retirement fund, the highway construction stabilization  
38 account, the highway safety account, the marine operating fund, the  
39 motor vehicle fund, the motorcycle safety education account, the

1 pilotage account, the public transportation systems account, the Puget  
2 Sound capital construction account, the Puget Sound ferry operations  
3 account, the recreational vehicle account, the rural arterial trust  
4 account, the safety and education account, the small city account, the  
5 special category C account, the state patrol highway account, the  
6 transfer relief account, the transportation capital facilities account,  
7 the transportation equipment fund, the transportation fund, the  
8 transportation improvement account, the transportation revolving loan  
9 account, and the urban arterial trust account.

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

13 **Sec. 8.** RCW 43.84.092 and 1998 c 341 s 708 are each amended to  
14 read as follows:

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

18 (2) The treasury income account shall be utilized to pay or receive  
19 funds associated with federal programs as required by the federal cash  
20 management improvement act of 1990. The treasury income account is  
21 subject in all respects to chapter 43.88 RCW, but no appropriation is  
22 required for refunds or allocations of interest earnings required by  
23 the cash management improvement act. Refunds of interest to the  
24 federal treasury required under the cash management improvement act  
25 fall under RCW 43.88.180 and shall not require appropriation. The  
26 office of financial management shall determine the amounts due to or  
27 from the federal government pursuant to the cash management improvement  
28 act. The office of financial management may direct transfers of funds  
29 between accounts as deemed necessary to implement the provisions of the  
30 cash management improvement act, and this subsection. Refunds or  
31 allocations shall occur prior to the distributions of earnings set  
32 forth in subsection (4) of this section.

33 (3) Except for the provisions of RCW 43.84.160, the treasury income  
34 account may be utilized for the payment of purchased banking services  
35 on behalf of treasury funds including, but not limited to, depository,  
36 safekeeping, and disbursement functions for the state treasury and  
37 affected state agencies. The treasury income account is subject in all  
38 respects to chapter 43.88 RCW, but no appropriation is required for

1 payments to financial institutions. Payments shall occur prior to  
2 distribution of earnings set forth in subsection (4) of this section.

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

7 (a) The following accounts and funds shall receive their  
8 proportionate share of earnings based upon each account's and fund's  
9 average daily balance for the period: The capitol building  
10 construction account, the Cedar River channel construction and  
11 operation account, the Central Washington University capital projects  
12 account, the charitable, educational, penal and reformatory  
13 institutions account, the common school construction fund, the county  
14 criminal justice assistance account, the county sales and use tax  
15 equalization account, the data processing building construction  
16 account, the deferred compensation administrative account, the deferred  
17 compensation principal account, the department of retirement systems  
18 expense account, the drinking water assistance account, the Eastern  
19 Washington University capital projects account, the education  
20 construction fund, the emergency reserve fund, the federal forest  
21 revolving account, the health services account, the public health  
22 services account, the health system capacity account, the personal  
23 health services account, the highway infrastructure account, the  
24 industrial insurance premium refund account, the judges' retirement  
25 account, the judicial retirement administrative account, the judicial  
26 retirement principal account, the local leasehold excise tax account,  
27 the local real estate excise tax account, the local sales and use tax  
28 account, the medical aid account, the mobile home park relocation fund,  
29 the municipal criminal justice assistance account, the municipal sales  
30 and use tax equalization account, the natural resources deposit  
31 account, the perpetual surveillance and maintenance account, the public  
32 employees' retirement system plan I account, the public employees'  
33 retirement system plan II account, the Puyallup tribal settlement  
34 account, the resource management cost account, the site closure  
35 account, the special wildlife account, the state employees' insurance  
36 account, the state employees' insurance reserve account, the state  
37 investment board expense account, the state investment board commingled  
38 trust fund accounts, the supplemental pension account, the teachers'  
39 retirement system plan I account, the teachers' retirement system



1 combined plan II and plan III account, the tobacco prevention and  
2 control account, the tobacco settlement account, the transportation  
3 infrastructure account, the tuition recovery trust fund, the University  
4 of Washington bond retirement fund, the University of Washington  
5 building account, the volunteer fire fighters' relief and pension  
6 principal account, the volunteer fire fighters' relief and pension  
7 administrative account, the Washington judicial retirement system  
8 account, the Washington law enforcement officers' and fire fighters'  
9 system plan I retirement account, the Washington law enforcement  
10 officers' and fire fighters' system plan II retirement account, the  
11 Washington school employees' retirement system combined plan II and III  
12 account, the Washington state patrol retirement account, the Washington  
13 State University building account, the Washington State University bond  
14 retirement fund, the water pollution control revolving fund, and the  
15 Western Washington University capital projects account. Earnings  
16 derived from investing balances of the agricultural permanent fund, the  
17 normal school permanent fund, the permanent common school fund, the  
18 scientific permanent fund, and the state university permanent fund  
19 shall be allocated to their respective beneficiary accounts. All  
20 earnings to be distributed under this subsection (4)(a) shall first be  
21 reduced by the allocation to the state treasurer's service fund  
22 pursuant to RCW 43.08.190.

23 (b) The following accounts and funds shall receive eighty percent  
24 of their proportionate share of earnings based upon each account's or  
25 fund's average daily balance for the period: The aeronautics account,  
26 the aircraft search and rescue account, the central Puget Sound public  
27 transportation account, the city hardship assistance account, the  
28 county arterial preservation account, the department of licensing  
29 services account, the economic development account, the essential rail  
30 assistance account, the essential rail banking account, the ferry bond  
31 retirement fund, the gasohol exemption holding account, the grade  
32 crossing protective fund, the high capacity transportation account, the  
33 highway bond retirement fund, the highway construction stabilization  
34 account, the highway safety account, the marine operating fund, the  
35 motor vehicle fund, the motorcycle safety education account, the  
36 pilotage account, the public transportation systems account, the Puget  
37 Sound capital construction account, the Puget Sound ferry operations  
38 account, the recreational vehicle account, the rural arterial trust  
39 account, the safety and education account, the small city account, the

1 special category C account, the state patrol highway account, the  
2 transfer relief account, the transportation capital facilities account,  
3 the transportation equipment fund, the transportation fund, the  
4 transportation improvement account, the transportation revolving loan  
5 account, and the urban arterial trust account.

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

9 NEW SECTION. **Sec. 9.** If any provision of this act or its  
10 application to any person or circumstance is held invalid, the  
11 remainder of the act or the application of the provision to other  
12 persons or circumstances is not affected.

13 NEW SECTION. **Sec. 10.** Section 7 of this act expires September 1,  
14 2000.

15 NEW SECTION. **Sec. 11.** (1) Sections 1 through 7 of this act are  
16 necessary for the immediate preservation of the public peace, health,  
17 or safety, or support of the state government and its existing public  
18 institutions, and take effect immediately.

19 (2) Section 8 of this act takes effect September 1, 2000.

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