

---

**SUBSTITUTE SENATE BILL 5359**

---

**State of Washington**

**56th Legislature**

**1999 Regular Session**

**By** Senate Committee on Ways & Means (originally sponsored by Senators Thibaudeau, Deccio, Wojahn, Winsley, Franklin, Oke, Kohl-Welles and Fairley; by request of Governor Locke and Attorney General)

Read first time 02/11/1999.

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; creating a new section;  
4 providing an effective date; providing an expiration date; and  
5 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 for purposes set  
5       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       The tobacco prevention and control account is created in the state  
9       treasury. The source of revenue for this account is moneys transferred  
10      to the account from the tobacco settlement account, investment  
11      earnings, donations to the account, and other revenues as directed by  
12      law. Expenditures from the account are subject to appropriation.

13      NEW SECTION.   **Sec. 4.** The state treasurer shall transfer one  
14      hundred million dollars from the tobacco settlement account to the  
15      tobacco prevention and control account upon authorization of the  
16      director of financial management. The director shall authorize  
17      transfer of the total amount by June 30, 2001.

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

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

23      (2) The treasury income account shall be utilized to pay or receive  
24      funds associated with federal programs as required by the federal cash  
25      management improvement act of 1990. The treasury income account is  
26      subject in all respects to chapter 43.88 RCW, but no appropriation is  
27      required for refunds or allocations of interest earnings required by  
28      the cash management improvement act. Refunds of interest to the  
29      federal treasury required under the cash management improvement act  
30      fall under RCW 43.88.180 and shall not require appropriation. The  
31      office of financial management shall determine the amounts due to or  
32      from the federal government pursuant to the cash management improvement  
33      act. The office of financial management may direct transfers of funds  
34      between accounts as deemed necessary to implement the provisions of the  
35      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 (a) The following accounts and funds shall receive their  
16 proportionate share of earnings based upon each account's and fund's  
17 average daily balance for the period: The capitol building  
18 construction account, the Cedar River channel construction and  
19 operation account, the Central Washington University capital projects  
20 account, the charitable, educational, penal and reformatory  
21 institutions account, the common school construction fund, the county  
22 criminal justice assistance account, the county sales and use tax  
23 equalization account, the data processing building construction  
24 account, the deferred compensation administrative account, the deferred  
25 compensation principal account, the department of retirement systems  
26 expense account, the drinking water assistance account, the Eastern  
27 Washington University capital projects account, the education  
28 construction fund, the emergency reserve fund, the federal forest  
29 revolving account, the health services account, the public health  
30 services account, the health system capacity account, the personal  
31 health services account, the highway infrastructure account, the  
32 industrial insurance premium refund account, the judges' retirement  
33 account, the judicial retirement administrative account, the judicial  
34 retirement principal account, the local leasehold excise tax account,  
35 the local real estate excise tax account, the local sales and use tax  
36 account, the medical aid account, the mobile home park relocation fund,  
37 the municipal criminal justice assistance account, the municipal sales  
38 and use tax equalization account, the natural resources deposit  
39 account, the perpetual surveillance and maintenance account, the public

1 employees' retirement system plan I account, the public employees'  
2 retirement system plan II account, the Puyallup tribal settlement  
3 account, the resource management cost account, the site closure  
4 account, the special wildlife account, the state employees' insurance  
5 account, the state employees' insurance reserve account, the state  
6 investment board expense account, the state investment board commingled  
7 trust fund accounts, the supplemental pension account, the teachers'  
8 retirement system plan I account, the teachers' retirement system plan  
9 II account, the tobacco prevention and control account, the tobacco  
10 settlement account, the transportation infrastructure account, the  
11 tuition recovery trust fund, the University of Washington bond  
12 retirement fund, the University of Washington building account, the  
13 volunteer fire fighters' relief and pension principal account, the  
14 volunteer fire fighters' relief and pension administrative account, the  
15 Washington judicial retirement system account, the Washington law  
16 enforcement officers' and fire fighters' system plan I retirement  
17 account, the Washington law enforcement officers' and fire fighters'  
18 system plan II retirement account, the Washington state patrol  
19 retirement account, the Washington State University building account,  
20 the Washington State University bond retirement fund, the water  
21 pollution control revolving fund, and the Western Washington University  
22 capital projects account. Earnings derived from investing balances of  
23 the 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 (b) The following accounts and funds shall receive eighty percent  
30 of their proportionate share of earnings based upon each account's or  
31 fund's average daily balance for the period: The aeronautics account,  
32 the aircraft search and rescue account, the central Puget Sound public  
33 transportation account, the city hardship assistance account, the  
34 county arterial preservation account, the department of licensing  
35 services account, the economic development account, the essential rail  
36 assistance account, the essential rail banking account, the ferry bond  
37 retirement fund, the gasohol exemption holding account, the grade  
38 crossing protective fund, the high capacity transportation account, the  
39 highway bond retirement fund, the highway construction stabilization

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

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

15 **Sec. 6.** RCW 43.84.092 and 1998 c 341 s 708 are each amended to  
16 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,  
38 safekeeping, and disbursement functions for the state treasury and

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

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

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

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

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

1 account, the recreational vehicle account, the rural arterial trust  
2 account, the safety and education account, the small city account, the  
3 special category C account, the state patrol highway account, the  
4 transfer relief account, the transportation capital facilities account,  
5 the transportation equipment fund, the transportation fund, the  
6 transportation improvement account, the transportation revolving loan  
7 account, and the urban arterial trust account.

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

11 NEW SECTION. **Sec. 7.** If any provision of this act or its  
12 application to any person or circumstance is held invalid, the  
13 remainder of the act or the application of the provision to other  
14 persons or circumstances is not affected.

15 NEW SECTION. **Sec. 8.** Section 5 of this act expires September 1,  
16 2000.

17 NEW SECTION. **Sec. 9.** (1) Sections 1 through 5 of this act are  
18 necessary for the immediate preservation of the public peace, health,  
19 or safety, or support of the state government and its existing public  
20 institutions, and take effect immediately.

21 (2) Section 6 of this act takes effect September 1, 2000.

--- END ---