
SENATE BILL 5359

State of Washington

56th Legislature

1999 Regular Session

By Senators Thibaudeau, Deccio and Wojahn; by request of Governor Locke and Attorney General

Read first time . Referred to Committee on .

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.

--- END ---