
HOUSE BILL 1812

State of Washington 60th Legislature 2007 Regular Session

By Representatives Ericks and Jarrett

Read first time 01/29/2007. Referred to Committee on Transportation.

1 AN ACT Relating to the creation of the transportation project
2 contingency account; amending RCW 82.14.030; reenacting and amending
3 RCW 43.84.092; adding a new section to chapter 43.79 RCW; and creating
4 a new section.

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

6 NEW SECTION. **Sec. 1.** The legislature finds that there may be
7 unanticipated cost increases to major state-funded transportation
8 construction and repair projects due to inflation. In order to provide
9 funding to offset these unanticipated cost increases for these
10 projects, it is important to provide a mechanism to share the cost of
11 these shortfalls with affected local governments.

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

14 (1) The transportation project contingency account is created in
15 the state treasury. All receipts from taxes imposed under RCW
16 82.14.030 on materials, labor, equipment, contracts, and components
17 used for constructing any specific transportation project, authorized
18 by the legislature and with a budget exceeding one billion dollars,

1 either new construction or repair, must be deposited into the account.
2 Moneys in the account may be spent only after appropriation.
3 Expenditures from the account may be used only for unanticipated
4 increases in project costs.

5 (2) The department of revenue shall provide the state treasurer
6 with the information regarding the amount of local sales and use taxes
7 for deposit to the account on a quarterly basis. The department of
8 revenue shall report on the account balance to the transportation
9 committees of the legislature by March 1st every year.

10 (3) The legislature shall identify and designate those projects
11 that meet the criteria in the state transportation budget process.
12 Projects in need of additional funding due to unanticipated cost
13 increases shall be identified by the department of transportation and
14 reported to the transportation committees. The legislature may
15 appropriate funds from the account to identified projects.

16 **Sec. 3.** RCW 82.14.030 and 1989 c 384 s 6 are each amended to read
17 as follows:

18 (1) The governing body of any county or city while not required by
19 legislative mandate to do so, may, by resolution or ordinance for the
20 purposes authorized by this chapter, fix and impose a sales and use tax
21 in accordance with the terms of this chapter. Such tax shall be
22 collected from those persons who are taxable by the state pursuant to
23 chapters 82.08 and 82.12 RCW, upon the occurrence of any taxable event
24 within the county or city as the case may be: PROVIDED, That except as
25 provided in RCW 82.14.230, this sales and use tax shall not apply to
26 natural or manufactured gas. The rate of such tax imposed by a county
27 shall be five-tenths of one percent of the selling price (in the case
28 of a sales tax) or value of the article used (in the case of a use
29 tax). The rate of such tax imposed by a city shall not exceed five-
30 tenths of one percent of the selling price (in the case of a sales tax)
31 or value of the article used (in the case of a use tax): PROVIDED,
32 HOWEVER, That in the event a county shall impose a sales and use tax
33 under this subsection, the rate of such tax imposed under this
34 subsection by any city therein shall not exceed four hundred and
35 twenty-five one-thousandths of one percent.

36 (2) Subject to the enactment into law of the 1982 amendment to RCW
37 82.02.020 by section 5, chapter 49, Laws of 1982 1st ex. sess., in

1 addition to the tax authorized in subsection (1) of this section, the
2 governing body of any county or city may by resolution or ordinance
3 impose an additional sales and use tax in accordance with the terms of
4 this chapter. Such additional tax shall be collected upon the same
5 taxable events upon which the tax imposed under subsection (1) of this
6 section is levied. The rate of such additional tax imposed by a county
7 shall be up to five-tenths of one percent of the selling price (in the
8 case of a sales tax) or value of the article used (in the case of a use
9 tax). The rate of such additional tax imposed by a city shall be up to
10 five-tenths of one percent of the selling price (in the case of a sales
11 tax) or value of the article used (in the case of a use tax): PROVIDED
12 HOWEVER, That in the event a county shall impose a sales and use tax
13 under this subsection at a rate equal to or greater than the rate
14 imposed under this subsection by a city within the county, the county
15 shall receive fifteen percent of the city tax: PROVIDED FURTHER, That
16 in the event that the county shall impose a sales and use tax under
17 this subsection at a rate which is less than the rate imposed under
18 this subsection by a city within the county, the county shall receive
19 that amount of revenues from the city tax equal to fifteen percent of
20 the rate of tax imposed by the county under this subsection. The
21 authority to impose a tax under this subsection is intended in part to
22 compensate local government for any losses from the phase-out of the
23 property tax on business inventories.

24 (3) All receipts from taxes imposed under this section on
25 materials, labor, equipment, contracts, and components used for
26 constructing any specific transportation project, authorized by the
27 legislature and with a budget exceeding one billion dollars, either new
28 construction or repair, shall be deposited into the transportation
29 project contingency account under section 2 of this act.

30 **Sec. 4.** RCW 43.84.092 and 2006 c 337 s 11, 2006 c 311 s 23, 2006
31 c 171 s 10, 2006 c 56 s 10, and 2006 c 6 s 8 are each reenacted and
32 amended to read as follows:

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

36 (2) The treasury income account shall be utilized to pay or receive
37 funds associated with federal programs as required by the federal cash

1 management improvement act of 1990. The treasury income account is
2 subject in all respects to chapter 43.88 RCW, but no appropriation is
3 required for refunds or allocations of interest earnings required by
4 the cash management improvement act. Refunds of interest to the
5 federal treasury required under the cash management improvement act
6 fall under RCW 43.88.180 and shall not require appropriation. The
7 office of financial management shall determine the amounts due to or
8 from the federal government pursuant to the cash management improvement
9 act. The office of financial management may direct transfers of funds
10 between accounts as deemed necessary to implement the provisions of the
11 cash management improvement act, and this subsection. Refunds or
12 allocations shall occur prior to the distributions of earnings set
13 forth in subsection (4) of this section.

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

22 (4) Monthly, the state treasurer shall distribute the earnings
23 credited to the treasury income account. The state treasurer shall
24 credit the general fund with all the earnings credited to the treasury
25 income account except:

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

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

1 contingency account, the transportation infrastructure account, the
2 transportation partnership account, the tuition recovery trust fund,
3 the University of Washington bond retirement fund, the University of
4 Washington building account, the volunteer fire fighters' and reserve
5 officers' relief and pension principal fund, the volunteer fire
6 fighters' and reserve officers' administrative fund, the Washington
7 fruit express account, the Washington judicial retirement system
8 account, the Washington law enforcement officers' and fire fighters'
9 system plan 1 retirement account, the Washington law enforcement
10 officers' and fire fighters' system plan 2 retirement account, the
11 Washington public safety employees' plan 2 retirement account, the
12 Washington school employees' retirement system combined plan 2 and 3
13 account, the Washington state health insurance pool account, the
14 Washington state patrol retirement account, the Washington State
15 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 county arterial
29 preservation account, the department of licensing services account, the
30 essential rail assistance account, the ferry bond retirement fund, the
31 grade crossing protective fund, the high capacity transportation
32 account, the highway bond retirement fund, the highway safety account,
33 the motor vehicle fund, the motorcycle safety education account, the
34 pilotage account, the public transportation systems account, the Puget
35 Sound capital construction account, the Puget Sound ferry operations
36 account, the recreational vehicle account, the rural arterial trust
37 account, the safety and education account, the special category C
38 account, the state patrol highway account, the transportation 2003

1 account (nickel account), the transportation equipment fund, the
2 transportation fund, the transportation improvement account, the
3 transportation improvement board bond retirement account, and the urban
4 arterial trust account.

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

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