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HOUSE BILL 1360

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State of Washington

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By Representatives Ormsby, Orcutt, Simpson, Smith, Dunshee, Springer, Llias, Upthegrove, Eddy, Takko, Chase, Morrell, Moeller, and Sullivan

Read first time 01/19/09. Referred to Committee on Local Government & Housing.

1 AN ACT Relating to funding for residential infrastructure  
2 development; amending RCW 82.45.060 and 82.45.180; reenacting and  
3 amending RCW 43.84.092; adding a new section to chapter 43.135 RCW; and  
4 adding a new chapter to Title 43 RCW.

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

6 NEW SECTION. **Sec. 1.** The definitions in this subsection apply  
7 throughout this chapter unless the context clearly requires otherwise.

8 (1) "Affordable residential development" or "affordable housing"  
9 means:

10 (a) For owner-occupied housing, housing that is owned and occupied  
11 by a person or household with an income not exceeding (i) one hundred  
12 twenty percent of the median family income, adjusted for the household  
13 size, for the county where the project is located for housing located  
14 outside of a high-cost area or (ii) one hundred fifty percent of the  
15 median income for housing located within a high-cost area, whose  
16 monthly housing costs, including utilities other than telephone, do not  
17 exceed thirty percent of the household's monthly income; and

18 (b) For rental housing, housing that is rented and occupied by a  
19 household with an income (i) not exceeding eighty percent of the median

1 family income, adjusted for the household size, for the county where  
2 the project is located for housing located outside of a high-cost area  
3 or (ii) equal to the median income for housing located within a high-  
4 cost area, whose monthly housing costs, including utilities other than  
5 telephone, do not exceed thirty percent of the household's monthly  
6 income.

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

15 (3) "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 (4) "Dense" refers to transit-supportive density.

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

22 (6) "Director" means the director of the department of community,  
23 trade, and economic development.

24 (7) "Eligible jurisdiction" means a county or city planning under  
25 RCW 36.70A.040 or a federally recognized Indian tribe in the state of  
26 Washington.

27 (8) "High capacity transit station" means a stop or station for any  
28 mode of public transportation that substantially operates on a fixed  
29 guideway. For purposes of this subsection, "fixed guideway" means a  
30 rail system, dedicated bus lane, high occupancy vehicle lane, or high  
31 occupancy toll lane.

32 (9) "High-cost area" means a county where the third quarter median  
33 house price for the previous year, as reported by the Washington center  
34 for real estate research at Washington State University, is equal to or  
35 greater than one hundred thirty percent of the statewide median house  
36 price published during the same time period.

37 (10) "Low-income household" has the same meaning as in RCW  
38 43.185A.010.

1 (11) "Major transit stop" means a stop for a bus or other transit  
2 mode providing fixed route service in intervals of at least every  
3 thirty minutes during peak hours of operation.

4 (12) "Market rate" means the current average market interest rate  
5 that is determined at the time an individual loan is closed upon, or  
6 grant is awarded, using a widely recognized current market interest  
7 rate measurement to be selected for use by the department. This  
8 interest rate must be noted in an attachment to the closing documents  
9 for any loan and in any grant contract for reference if the loan or  
10 grant must be repaid with interest.

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

15 (14) "Rural and resource land transfer of development rights  
16 program" means a program for awarding bonuses or regulatory flexibility  
17 in exchange for purchasing development rights through a transfer of  
18 development rights bank or from a landowner who is a willing  
19 development rights seller. Bonuses include, but are not limited to,  
20 increased height, density, or floor area ratio. Options for  
21 regulations on which a jurisdiction could award increased flexibility  
22 include, but are not limited to, parking requirements, impervious  
23 surface limits, or setbacks.

24 (15) "Transfer of development rights receiving site" means an area  
25 within the urban growth boundary in which a city or county has  
26 established a rural and resource land transfer of development rights  
27 program.

28 (16) "Transit-proximate" means within one-half mile of a high  
29 capacity transit station or within one-quarter mile of another major  
30 transit stop.

31 (17) "Transit-supportive density" means a minimum of fifty units of  
32 development for each acre of land within one-half mile of a high  
33 capacity transit station and a minimum of ten development units for  
34 each acre of land within one-quarter mile of another major transit  
35 stop.

36 (18) "Very low-income household" means a single person, family, or  
37 unrelated persons living together whose adjusted income is less than

1 fifty percent of the median family income, adjusted for household size,  
2 for the county where the project is located.

3 NEW SECTION. **Sec. 2.** (1) The residential infrastructure program  
4 is created in the department to provide loans to eligible jurisdictions  
5 and grants to nonprofit organizations for public infrastructure that  
6 supports increased capacity for dense, affordable residential  
7 development in transit-proximate areas.

8 (2) The department may provide direct loans to eligible  
9 jurisdictions for projects meeting the requirements of subsection (3)  
10 of this section or provide grants to nonprofit organizations for  
11 projects meeting the requirements of subsection (4) of this section.  
12 Funds allocated through the program must be used to pay for the cost of  
13 public infrastructure projects, including the planning, construction,  
14 repair, reconstruction, replacement, rehabilitation, or improvement of  
15 sidewalks, streets and roads, bridges, publicly owned utilities,  
16 drinking water systems, and storm and sanitary sewage systems. The  
17 department may also provide loans to eligible jurisdictions or grants  
18 to nonprofit organizations for the acquisition of real property when  
19 the acquisition is directly related to the development of public  
20 infrastructure projects to support dense, affordable residential  
21 development in transit-proximate areas.

22 (3) An eligible jurisdiction seeking funding from the residential  
23 infrastructure program must:

24 (a) Designate a project area within its urban growth area  
25 designated under RCW 36.70A.110 and demonstrate with official plans  
26 that overall development within the project area will increase the  
27 supply of dense, affordable residential development units and that the  
28 project area will meet the definitions of transit-proximate and will  
29 achieve minimum transit-supportive density;

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

32 (i) Are contained in the eligible jurisdictions' capital facilities  
33 element of the comprehensive plan under RCW 36.70A.070;

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

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

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

3 (i) Local funding commitments to affordable residential housing  
4 projects in the proposed project area; and

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

9 (d) Include a plan to construct, or pay for the construction of,  
10 comparable replacement housing within the eligible jurisdiction when  
11 persons are displaced as a direct result of the public infrastructure  
12 projects funded under this program. A residential unit lost as a  
13 result of the infrastructure project must be replaced one-for-one with  
14 a unit at an equal or better affordability rate, and relocation  
15 assistance must be paid to any displaced households. Eligible  
16 jurisdictions and nonprofit organizations receiving financing for an  
17 infrastructure project through the residential infrastructure program  
18 on property that was not acquired by eminent domain are exempt from the  
19 requirements of and rules adopted for chapter 8.26 RCW for any  
20 residential units lost as a result of the infrastructure project.  
21 However, projects receiving financing from the residential  
22 infrastructure program must comply with any relocation standards and  
23 requirements and real property acquisition policies established by the  
24 department as a condition of residential infrastructure program  
25 assistance; and

26 (e) Commit to paying the prevailing wage as described under RCW  
27 39.12.020 for each infrastructure project.

28 (4) A nonprofit organization seeking funding from the residential  
29 infrastructure program must:

30 (a) Demonstrate that the funding will support public infrastructure  
31 projects or the acquisition of property related to the development of  
32 infrastructure projects, as described in subsection (2) of this  
33 section, related to a specific affordable residential development that  
34 has also received a commitment of funding from the Washington housing  
35 trust fund under chapter 43.185 or 43.185A RCW; and

36 (b) Comply with the requirements of subsection (3)(d) and (e) of  
37 this section, related to the provision of comparable replacement

1 housing, relocation standards and requirements, and prevailing wage  
2 requirements.

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

24 (6) Loan interest rates must not exceed one-half of one percent a  
25 year. The department shall establish policies, priorities, and  
26 procedures by which all or part of a loan may be forgiven if an  
27 eligible jurisdiction:

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

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

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

36 (7) During each fiscal year in which funds are available for use by  
37 the department for the residential infrastructure program, the  
38 department shall announce to all known interested parties, and through

1 major media throughout the state, a competitive application period of  
2 at least ninety days' duration. This announcement must be made as  
3 often as the director deems appropriate for proper utilization of  
4 resources.

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

10 (a) Priority must be awarded to projects that include plans to:

11 (i) Maximize capacity to accommodate growth;

12 (ii) Maximize density;

13 (iii) Maximize overall affordability of the housing;

14 (iv) Maintain the affordability of the housing for the longest  
15 period of time;

16 (v) Maximize affordability to low-income households and very low-  
17 income households;

18 (vi) Maximize public transit ridership; and

19 (vii) Demonstrate readiness to proceed.

20 (b) The department shall prioritize projects that increase the  
21 number of units, maximize density, or maximize affordability in the  
22 greatest proportion relative to the existing current residential  
23 capacity, transit use, and density capacity within jurisdictions.

24 (c) The department shall also consider projects that demonstrate a  
25 commitment to creating receiving areas for rural and resource land  
26 transfer of development rights, which may be demonstrated through one  
27 of the following actions, listed in order of highest value and  
28 priority:

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

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

1 (iii) The jurisdiction states in its comprehensive plan at the time  
2 of application a commitment to consider the development and  
3 implementation of a rural and resource land transfer of development  
4 rights program.

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

10 (a) Reporting before and during the construction of the  
11 infrastructure project must include information on the status of the  
12 project, the estimated completion date, and any variations from the  
13 approved proposal.

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

21 (i) The total number of residential units developed or under  
22 construction; and

23 (ii) The total number of residential units meeting the definition  
24 of affordable residential development.

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

34 (b) If an eligible jurisdiction rescinds its public commitment to  
35 promoting affordable residential development within the designated  
36 project area by changing officially adopted policies and ordinances or  
37 failing to implement these policies and ordinances, eligible

1 jurisdictions may be required to refund all or a portion of the  
2 principal loan amount plus compounded interest calculated at the  
3 current market rate.

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

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

14 NEW SECTION. **Sec. 3.** The residential infrastructure account is  
15 created in the state treasury. All receipts from transfers to the  
16 account under section 4 of this act, repayments of loans or grants made  
17 under section 2 of this act, and other sources identified by the  
18 legislature must be deposited into the account. Moneys in the account  
19 may be spent only after appropriation. Expenditures from the account  
20 may be used only for the purposes identified in section 2 of this act.

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

23 (1) By August 31, 2010, and by August 31st of every year  
24 thereafter, the state treasurer shall transfer from the general fund  
25 into the residential infrastructure account created in section 3 of  
26 this act the lesser of fifty million dollars or the excess real estate  
27 excise tax growth amount.

28 (2) By August 1, 2010, and by August 1st of each year thereafter,  
29 the director of the office of financial management shall notify the  
30 state treasurer of the amount to be transferred to the residential  
31 infrastructure account.

32 (3) RCW 43.135.035(4) does not apply to the transfers required  
33 under this section.

34 (4) For the purposes of this section:

35 (a) "Excess growth factor" means the difference between the annual  
36 growth in real estate excise tax collections and the fiscal growth

1 factor for the current fiscal year, as determined under this chapter.  
2 If the difference is at or below zero, the excess growth factor is  
3 zero.

4 (b) "Excess real estate excise tax growth amount" means the dollar  
5 amount derived by multiplying real estate excise tax collections by the  
6 excess growth factor.

7 (c) "Prior fiscal year" means the fiscal year prior to the fiscal  
8 year in which the transfer under subsection (1) of this section is  
9 made.

10 (d) "Real estate excise tax collections" means the excise tax  
11 collections under chapter 82.45 RCW that are deposited into the general  
12 fund under RCW 82.45.060(2)(c) in the prior fiscal year.

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

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

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

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

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

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

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

29 (1)(a) For taxes collected by the county under this chapter, the  
30 county treasurer shall collect a five-dollar fee on all transactions  
31 required by this chapter where the transaction does not require the  
32 payment of tax. A total of five dollars shall be collected in the form  
33 of a tax and fee, where the calculated tax payment is less than five  
34 dollars. Through June 30, 2006, the county treasurer shall place one  
35 percent of the taxes collected by the county under this chapter and the  
36 treasurer's fee in the county current expense fund to defray costs of

1 collection. After June 30, 2006, the county treasurer shall place one  
2 and three-tenths percent of the taxes collected by the county under  
3 this chapter and the treasurer's fee in the county current expense fund  
4 to defray costs of collection. For taxes collected by the county under  
5 this chapter before July 1, 2006, the county treasurer shall pay over  
6 to the state treasurer and account to the department of revenue for the  
7 proceeds at the same time the county treasurer remits funds to the  
8 state under RCW 84.56.280. For taxes collected by the county under  
9 this chapter after June 30, 2006, on a monthly basis the county  
10 treasurer shall pay over to the state treasurer the month's  
11 transmittal. The month's transmittal must be received by the state  
12 treasurer by 12:00 p.m. on the last working day of each month. The  
13 county treasurer shall account to the department for the month's  
14 transmittal by the twentieth day of the month following the month in  
15 which the month's transmittal was paid over to the state treasurer.  
16 The state treasurer shall deposit the proceeds (~~(in the general fund)~~)  
17 as provided in RCW 82.45.060(2).

18 (b) For purposes of this subsection, the definitions in this  
19 subsection apply.

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

22 (ii) "Month's transmittal" means all proceeds deposited by the  
23 county through the close of business of the day that is two working  
24 days before the last working day of the month. This definition of  
25 "month's transmittal" shall not be construed as requiring any change in  
26 a county's practices regarding the timing of its daily deposits of  
27 proceeds.

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

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

34 (2) For taxes collected by the department of revenue under this  
35 chapter, the department shall remit the tax to the state treasurer who  
36 shall deposit the proceeds of any state tax (~~(in the general fund)~~) as  
37 provided in RCW 82.45.060(2). The state treasurer shall deposit the  
38 proceeds of any local taxes imposed under chapter 82.46 RCW in the

1 local real estate excise tax account hereby created in the state  
2 treasury. Moneys in the local real estate excise tax account may be  
3 spent only for distribution to counties, cities, and towns imposing a  
4 tax under chapter 82.46 RCW. Except as provided in RCW 43.08.190, all  
5 earnings of investments of balances in the local real estate excise tax  
6 account shall be credited to the local real estate excise tax account  
7 and distributed to the counties, cities, and towns monthly. Monthly  
8 the state treasurer shall make distribution from the local real estate  
9 excise tax account to the counties, cities, and towns the amount of tax  
10 collected on behalf of each taxing authority. The state treasurer  
11 shall make the distribution under this subsection without  
12 appropriation.

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

17 (b) Through June 30, 2010, the county treasurer shall collect an  
18 additional five-dollar fee on all transactions required by this  
19 chapter, regardless of whether the transaction requires the payment of  
20 tax. The county treasurer shall remit this fee to the state treasurer  
21 at the same time the county treasurer remits funds to the state under  
22 subsection (1) of this section. The state treasurer shall place money  
23 from this fee in the real estate excise tax electronic technology  
24 account. By the twentieth day of the subsequent month, the state  
25 treasurer shall distribute to each county treasurer according to the  
26 following formula: Three-quarters of the funds available shall be  
27 equally distributed among the thirty-nine counties; and the balance  
28 shall be ratably distributed among the counties in direct proportion to  
29 their population as it relates to the total state's population based on  
30 most recent statistics by the office of financial management.

31 (c) When received by the county treasurer, the funds shall be  
32 placed in a special real estate excise tax electronic technology fund  
33 held by the county treasurer to be used exclusively for the  
34 development, implementation, and maintenance of an electronic  
35 processing and reporting system for real estate excise tax affidavits.  
36 Funds may be expended to make the system compatible with the automated  
37 real estate excise tax system developed by the department and  
38 compatible with the processes used in the offices of the county

1 assessor and county auditor. Any funds held in the account that are  
2 not expended by July 1, 2015, revert to the county capital improvements  
3 fund in accordance with RCW 82.46.010.

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

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

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

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

32 (4) Monthly, the state treasurer shall distribute the earnings  
33 credited to the treasury income account. The state treasurer shall  
34 credit the general fund with all the earnings credited to the treasury  
35 income account except:

36 The following accounts and funds shall receive their proportionate  
37 share of earnings based upon each account's and fund's average daily

1 balance for the period: The aeronautics account, the aircraft search  
2 and rescue account, the budget stabilization account, the capitol  
3 building construction account, the Cedar River channel construction and  
4 operation account, the Central Washington University capital projects  
5 account, the charitable, educational, penal and reformatory  
6 institutions account, the cleanup settlement account, the Columbia  
7 river basin water supply development account, the common school  
8 construction fund, the county arterial preservation account, the county  
9 criminal justice assistance account, the county sales and use tax  
10 equalization account, the data processing building construction  
11 account, the deferred compensation administrative account, the deferred  
12 compensation principal account, the department of licensing services  
13 account, the department of retirement systems expense account, the  
14 developmental disabilities community trust account, the drinking water  
15 assistance account, the drinking water assistance administrative  
16 account, the drinking water assistance repayment account, the Eastern  
17 Washington University capital projects account, the education  
18 construction fund, the education legacy trust account, the election  
19 account, the energy freedom account, the essential rail assistance  
20 account, The Evergreen State College capital projects account, the  
21 federal forest revolving account, the ferry bond retirement fund, the  
22 freight congestion relief account, the freight mobility investment  
23 account, the freight mobility multimodal account, the grade crossing  
24 protective fund, the health services account, the public health  
25 services account, the health system capacity account, the personal  
26 health services account, the high capacity transportation account, the  
27 state higher education construction account, the higher education  
28 construction account, the highway bond retirement fund, the highway  
29 infrastructure account, the highway safety account, the high occupancy  
30 toll lanes operations account, the industrial insurance premium refund  
31 account, the judges' retirement account, the judicial retirement  
32 administrative account, the judicial retirement principal account, the  
33 local leasehold excise tax account, the local real estate excise tax  
34 account, the local sales and use tax account, the medical aid account,  
35 the mobile home park relocation fund, the motor vehicle fund, the  
36 motorcycle safety education account, the multimodal transportation  
37 account, the municipal criminal justice assistance account, the  
38 municipal sales and use tax equalization account, the natural resources

1 deposit account, the oyster reserve land account, the pension funding  
2 stabilization account, the perpetual surveillance and maintenance  
3 account, the public employees' retirement system plan 1 account, the  
4 public employees' retirement system combined plan 2 and plan 3 account,  
5 the public facilities construction loan revolving account beginning  
6 July 1, 2004, the public health supplemental account, the public  
7 transportation systems account, the public works assistance account,  
8 the Puget Sound capital construction account, the Puget Sound ferry  
9 operations account, the Puyallup tribal settlement account, the real  
10 estate appraiser commission account, the recreational vehicle account,  
11 the regional mobility grant program account, the residential  
12 infrastructure account, the resource management cost account, the rural  
13 arterial trust account, the rural Washington loan fund, the safety and  
14 education account, the site closure account, the small city pavement  
15 and sidewalk account, the special category C account, the special  
16 wildlife account, the state employees' insurance account, the state  
17 employees' insurance reserve account, the state investment board  
18 expense account, the state investment board commingled trust fund  
19 accounts, the state patrol highway account, the supplemental pension  
20 account, the Tacoma Narrows toll bridge account, the teachers'  
21 retirement system plan 1 account, the teachers' retirement system  
22 combined plan 2 and plan 3 account, the tobacco prevention and control  
23 account, the tobacco settlement account, the transportation 2003  
24 account (nickel account), the transportation equipment fund, the  
25 transportation fund, the transportation improvement account, the  
26 transportation improvement board bond retirement account, the  
27 transportation infrastructure account, the transportation partnership  
28 account, the traumatic brain injury account, the tuition recovery trust  
29 fund, the University of Washington bond retirement fund, the University  
30 of Washington building account, the urban arterial trust account, the  
31 volunteer firefighters' and reserve officers' relief and pension  
32 principal fund, the volunteer firefighters' and reserve officers'  
33 administrative fund, the Washington fruit express account, the  
34 Washington judicial retirement system account, the Washington law  
35 enforcement officers' and firefighters' system plan 1 retirement  
36 account, the Washington law enforcement officers' and firefighters'  
37 system plan 2 retirement account, the Washington public safety  
38 employees' plan 2 retirement account, the Washington school employees'

1 retirement system combined plan 2 and 3 account, the Washington state  
2 health insurance pool account, the Washington state patrol retirement  
3 account, the Washington State University building account, the  
4 Washington State University bond retirement fund, the water pollution  
5 control revolving fund, and the Western Washington University capital  
6 projects account. Earnings derived from investing balances of the  
7 agricultural permanent fund, the normal school permanent fund, the  
8 permanent common school fund, the scientific permanent fund, and the  
9 state university permanent fund shall be allocated to their respective  
10 beneficiary accounts. All earnings to be distributed under this  
11 subsection (4)(a) shall first be reduced by the allocation to the state  
12 treasurer's service fund pursuant to RCW 43.08.190.

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

16 NEW SECTION. **Sec. 8.** Sections 1 through 3 of this act constitute  
17 a new chapter in Title 43 RCW.

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