

CERTIFICATION OF ENROLLMENT

SENATE BILL 6833

Chapter 222, Laws of 2010

61st Legislature
2010 Regular Session

STATE TREASURER--MANAGEMENT OF FUNDS AND ACCOUNTS

EFFECTIVE DATE: 06/10/10

Passed by the Senate March 11, 2010
YEAS 31 NAYS 17

BRAD OWEN

President of the Senate

Passed by the House March 10, 2010
YEAS 55 NAYS 42

FRANK CHOPP

Speaker of the House of Representatives

Approved March 25, 2010, 4:12 p.m.

CHRISTINE GREGOIRE

Governor of the State of Washington

CERTIFICATE

I, Thomas Hoemann, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **SENATE BILL 6833** as passed by the Senate and the House of Representatives on the dates hereon set forth.

THOMAS HOEMANN

Secretary

FILED

March 26, 2010

**Secretary of State
State of Washington**

SENATE BILL 6833

AS AMENDED BY THE HOUSE

Passed Legislature - 2010 Regular Session

State of Washington 61st Legislature 2010 Regular Session

By Senator Tom; by request of State Treasurer

Read first time 02/03/10. Referred to Committee on Ways & Means.

1 AN ACT Relating to management of funds and accounts by the state
2 treasurer; amending RCW 43.08.150, 43.08.190 and 43.79A.040; reenacting
3 and amending RCW 43.84.092; adding a new section to chapter 43.79 RCW;
4 and creating new sections.

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

6 NEW SECTION. **Sec. 1.** The legislature recognizes the significant
7 financial benefits realized by the state through consolidated cash
8 management activities. It is the intent of this act to encourage and,
9 when financially advantageous, to expand those activities.

10 **Sec. 2.** RCW 43.08.150 and 2009 c 549 s 5045 are each amended to
11 read as follows:

12 As soon as possible after the close of each calendar month, the
13 state treasurer shall prepare a report as to the state of the general
14 fund and every other fund under his or her control itemized as to:

15 (1) The amount in the fund at the close of business at the end of
16 the preceding month;

17 (2) The amount of revenue deposited or transferred to the credit of
18 each fund during the current month;

1 (3) The amount of withdrawals or transfers from each fund during
2 the current month; and

3 (4) The amount on hand in each fund at the close of business at the
4 end of the current month.

5 One copy of each report shall be provided promptly to those
6 requesting them so long as the supply lasts. The report shall be
7 posted on the official web site of the state treasurer. The report
8 shall also include a graphical display of month end balances, for both
9 the current and previous fiscal year, for the general fund, total funds
10 in the treasury, total funds in the treasurer's trust fund, and total
11 funds managed by the state treasurer.

12 **Sec. 3.** RCW 43.08.190 and 2009 c 564 s 926 are each amended to
13 read as follows:

14 There is hereby created a fund within the state treasury to be
15 known as the "state treasurer's service fund." Such fund shall be used
16 solely for the payment of costs and expenses incurred in the operation
17 and administration of the state treasurer's office.

18 Moneys shall be allocated monthly and placed in the state
19 treasurer's service fund equivalent to a maximum of one percent of the
20 trust and treasury average daily cash balances from the earnings
21 generated under the authority of RCW 43.79A.040 and 43.84.080 other
22 than earnings generated from investment of balances in funds and
23 accounts specified in RCW 43.79A.040 (~~(or 43.84.092(4))~~) (4)(c). The
24 allocation shall precede the distribution of the remaining earnings as
25 prescribed under RCW 43.79A.040 and 43.84.092. The state treasurer
26 shall establish a uniform allocation rate (~~(based on the appropriations~~
27 ~~for the treasurer's office))~~ for all funds and accounts; except that
28 the state treasurer may negotiate a different allocation rate with any
29 state agency that has independent authority over funds not statutorily
30 required to be held in the state treasury or in the custody of the
31 state treasurer. In no event shall the rate be less than the actual
32 costs incurred by the state treasurer's office. If no rate is
33 separately negotiated, the default rate for any funds held shall be the
34 rate set for funds held pursuant to statute.

35 During the 2009-2011 fiscal biennium, the legislature may transfer
36 from the state treasurer's service fund to the state general fund such
37 amounts as reflect the excess fund balance of the fund.

1 **Sec. 4.** RCW 43.79A.040 and 2009 c 87 s 4 are each amended to read
2 as follows:

3 (1) Money in the treasurer's trust fund may be deposited, invested,
4 and reinvested by the state treasurer in accordance with RCW 43.84.080
5 in the same manner and to the same extent as if the money were in the
6 state treasury, and may be commingled with moneys in the state treasury
7 for cash management and cash balance purposes.

8 (2) All income received from investment of the treasurer's trust
9 fund shall be set aside in an account in the treasury trust fund to be
10 known as the investment income account.

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

19 (4)(a) Monthly, the state treasurer shall distribute the earnings
20 credited to the investment income account to the state general fund
21 except under (b) (~~and~~), (c), and (d) of this subsection.

22 (b) The following accounts and funds shall receive their
23 proportionate share of earnings based upon each account's or fund's
24 average daily balance for the period: The Washington promise
25 scholarship account, the college savings program account, the
26 Washington advanced college tuition payment program account, the
27 agricultural local fund, the American Indian scholarship endowment
28 fund, the foster care scholarship endowment fund, the foster care
29 endowed scholarship trust fund, the students with dependents grant
30 account, the basic health plan self-insurance reserve account, the
31 contract harvesting revolving account, the Washington state combined
32 fund drive account, the commemorative works account, the Washington
33 international exchange scholarship endowment fund, the toll collection
34 account, the developmental disabilities endowment trust fund, the
35 energy account, the fair fund, the family leave insurance account, the
36 food animal veterinarian conditional scholarship account, the fruit and
37 vegetable inspection account, the future teachers conditional
38 scholarship account, the game farm alternative account, the GET ready

1 for math and science scholarship account, the grain inspection
2 revolving fund, the juvenile accountability incentive account, the law
3 enforcement officers' and firefighters' plan 2 expense fund, the local
4 tourism promotion account, the pilotage account, the produce railcar
5 pool account, the regional transportation investment district account,
6 the rural rehabilitation account, the stadium and exhibition center
7 account, the youth athletic facility account, the self-insurance
8 revolving fund, the sulfur dioxide abatement account, the children's
9 trust fund, the Washington horse racing commission Washington bred
10 owners' bonus fund and breeder awards account, the Washington horse
11 racing commission class C purse fund account, the individual
12 development account program account, the Washington horse racing
13 commission operating account (earnings from the Washington horse racing
14 commission operating account must be credited to the Washington horse
15 racing commission class C purse fund account), the life sciences
16 discovery fund, the Washington state heritage center account, the
17 reduced cigarette ignition propensity account, and the reading
18 achievement account. (~~However, the earnings to be distributed shall
19 first be reduced by the allocation to the state treasurer's service
20 fund pursuant to RCW 43.08.190.~~)

21 (c) The following accounts and funds shall receive eighty percent
22 of their proportionate share of earnings based upon each account's or
23 fund's average daily balance for the period: The advanced right-of-way
24 revolving fund, the advanced environmental mitigation revolving
25 account, the city and county advance right-of-way revolving fund, the
26 federal narcotics asset forfeitures account, the high occupancy vehicle
27 account, the local rail service assistance account, and the
28 miscellaneous transportation programs account.

29 (d) Any state agency that has independent authority over accounts
30 or funds not statutorily required to be held in the custody of the
31 state treasurer that deposits funds into a fund or account in the
32 custody of the state treasurer pursuant to an agreement with the office
33 of the state treasurer shall receive its proportionate share of
34 earnings based upon each account's or fund's average daily balance for
35 the period.

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

1 **Sec. 5.** RCW 43.84.092 and 2009 c 479 s 31, 2009 c 472 s 5, and
2 2009 c 451 s 8 are each reenacted and amended to read as follows:

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

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

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

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

33 (a) The following accounts and funds shall receive their
34 proportionate share of earnings based upon each account's and fund's
35 average daily balance for the period: The aeronautics account, the
36 aircraft search and rescue account, the budget stabilization account,
37 the capitol building construction account, the Cedar River channel
38 construction and operation account, the Central Washington University

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

1 the public facilities construction loan revolving account beginning
2 July 1, 2004, the public health supplemental account, the public
3 transportation systems account, the public works assistance account,
4 the Puget Sound capital construction account, the Puget Sound ferry
5 operations account, the Puyallup tribal settlement account, the real
6 estate appraiser commission account, the recreational vehicle account,
7 the regional mobility grant program account, the resource management
8 cost account, the rural arterial trust account, the rural Washington
9 loan fund, the site closure account, the small city pavement and
10 sidewalk account, the special category C account, the special wildlife
11 account, the state employees' insurance account, the state employees'
12 insurance reserve account, the state investment board expense account,
13 the state investment board commingled trust fund accounts, the state
14 patrol highway account, the state route number 520 corridor account,
15 the supplemental pension account, the Tacoma Narrows toll bridge
16 account, the teachers' retirement system plan 1 account, the teachers'
17 retirement system combined plan 2 and plan 3 account, the tobacco
18 prevention and control account, the tobacco settlement account, the
19 transportation 2003 account (nickel account), the transportation
20 equipment fund, the transportation fund, the transportation improvement
21 account, the transportation improvement board bond retirement account,
22 the transportation infrastructure account, the transportation
23 partnership account, the traumatic brain injury account, the tuition
24 recovery trust fund, the University of Washington bond retirement fund,
25 the University of Washington building account, the urban arterial trust
26 account, the volunteer firefighters' and reserve officers' relief and
27 pension principal fund, the volunteer firefighters' and reserve
28 officers' administrative fund, the Washington fruit express account,
29 the Washington judicial retirement system account, the Washington law
30 enforcement officers' and firefighters' system plan 1 retirement
31 account, the Washington law enforcement officers' and firefighters'
32 system plan 2 retirement account, the Washington public safety
33 employees' plan 2 retirement account, the Washington school employees'
34 retirement system combined plan 2 and 3 account, the Washington state
35 health insurance pool account, the Washington state patrol retirement
36 account, the Washington State University building account, the
37 Washington State University bond retirement fund, the water pollution
38 control revolving fund, and the Western Washington University capital

1 projects account. Earnings derived from investing balances of the
2 agricultural permanent fund, the normal school permanent fund, the
3 permanent common school fund, the scientific permanent fund, and the
4 state university permanent fund shall be allocated to their respective
5 beneficiary accounts. (~~All earnings to be distributed under this~~
6 ~~subsection (4) shall first be reduced by the allocation to the state~~
7 ~~treasurer's service fund pursuant to RCW 43.08.190.))~~

8 (b) Any state agency that has independent authority over accounts
9 or funds not statutorily required to be held in the state treasury that
10 deposits funds into a fund or account in the state treasury pursuant to
11 an agreement with the office of the state treasurer shall receive its
12 proportionate share of earnings based upon each account's or fund's
13 average daily balance for the period.

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

17 NEW SECTION. Sec. 6. A new section is added to chapter 43.79 RCW
18 to read as follows:

19 By October 31st of each odd-numbered year, the state treasurer
20 shall provide to the office of financial management and the appropriate
21 fiscal committees of the legislature a list of any funds or accounts in
22 the state treasury or in the custody of the state treasurer that he or
23 she believes to be obsolete. The list must include the standard or
24 process the treasurer used to determine whether an account is believed
25 to be obsolete.

26 NEW SECTION. Sec. 7. By June 1, 2010, the office of financial
27 management shall provide the state treasurer with a list of all funds
28 or accounts held locally by any state agency. By October 31, 2010, the
29 state treasurer, working with the office of financial management, shall
30 review all locally held accounts, other than those held by institutions
31 of higher education, and determine whether it would be financially
32 advantageous to the state for those accounts to instead be held in the
33 state treasury or in the custody of the state treasurer. When the
34 treasurer deems it financially advantageous for local accounts to be
35 held in the custody of the state treasurer or in the state treasury, he

1 or she is encouraged to propose executive request legislation to effect
2 those changes.

Passed by the Senate March 11, 2010.

Passed by the House March 10, 2010.

Approved by the Governor March 25, 2010.

Filed in Office of Secretary of State March 26, 2010.