
ENGROSSED SUBSTITUTE SENATE BILL 5466

State of Washington

69th Legislature

2025 Regular Session

By Senate Environment, Energy & Technology (originally sponsored by Senators Shewmake, Slatter, Conway, Nobles, and Saldaña)

READ FIRST TIME 02/19/25.

1 AN ACT Relating to improving reliability and capacity of the
2 electric transmission system in Washington state; reenacting and
3 amending RCW 43.84.092 and 43.84.092; adding a new section to chapter
4 43.330 RCW; adding new sections to chapter 43.21C RCW; adding a new
5 section to chapter 80.28 RCW; adding a new chapter to Title 43 RCW;
6 creating a new section; providing an effective date; and providing an
7 expiration date.

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

9 NEW SECTION. **Sec. 1.** (1) The legislature finds that Washington
10 has committed to decarbonizing its electricity system so that it is
11 carbon neutral by 2030 and carbon free by 2045. Achieving those goals
12 includes retiring coal and gas resources, adding new generation from
13 renewable and nonemitting resources, and leveraging energy storage
14 technologies. At the same time, demand for electricity is increasing
15 significantly due to the electrification of vehicles, home heating
16 and cooling, and manufacturing, and the expansion of the information
17 services sector in Washington. There are significant federal, state,
18 and private investments in clean energy development, including wind,
19 solar, and battery storage, that support decarbonization goals and
20 supply new electrical load. However, Washington's existing

1 transmission system lacks the capacity to accommodate the growing
2 demand for clean electricity.

3 (2) The legislature also finds that extreme weather events and
4 changes to seasonal highs and lows puts new strain on the existing
5 transmission system and threatens reliability. Extreme weather events
6 such as high-speed winds, floods, freezing, and heat domes can damage
7 grid infrastructure and cause disruptions to the power supply. Warmer
8 summers and colder winters increase the need for heating and cooling
9 and thereby intensify and extend periods of peak demand.

10 (3) The legislature further finds that to maintain reliability
11 and build resilience, Washington's transmission system needs to be
12 expanded and upgraded to access diverse portfolios of clean and
13 reliable energy across the region, including solar resources in the
14 southwest and wind resources across the mountain west. A more robust
15 and updated transmission system will support affordability and
16 reliability goals by enabling the efficient dispatch of least-cost
17 resources across the region.

18 (4) Therefore, it is the intent of the legislature to create the
19 Washington electric transmission authority to improve transmission
20 reliability, resilience, and affordability. The Washington electric
21 transmission authority will serve as a centralized body to achieve
22 these goals by engaging in long-term planning; providing development
23 transmission services; coordinating siting and permitting; leveraging
24 research; and engaging with utilities, transmission developers, local
25 jurisdictions, state agencies, regional entities, the federal
26 government, and affected communities. The legislature intends for the
27 authority to achieve the following goals:

28 (a) Improve reliability and resilience, including during extreme
29 weather events;

30 (b) Increase access to low-cost renewable energy;

31 (c) Achieve clean electricity requirements and greenhouse gas
32 emissions limits;

33 (d) Support economic growth; and

34 (e) Maintain affordable energy rates.

35 **PART I - WASHINGTON ELECTRIC TRANSMISSION AUTHORITY**

36 NEW SECTION. **Sec. 2.** The definitions in this section apply
37 throughout this chapter unless the context clearly requires
38 otherwise.

1 (1) "Authority" means the Washington electric transmission
2 authority.

3 (2) "Board of directors" means the authority's board of
4 directors.

5 (3) "Department" means the department of commerce.

6 (4) "Grid-enhancing technologies" means hardware and software
7 that increases the capacity of electrical lines and improves the
8 efficiency, reliability, and safety of the grid. Grid-enhancing
9 technologies include, but are not limited to, dynamic line rating
10 systems, advanced power flow control systems, and optimization
11 software.

12 (5) "Nonwires alternative" means any electrical grid investment
13 that is intended to defer or remove the need to construct or upgrade
14 components of a distribution and/or transmission system.

15 (6) "Reconductoring with advanced conductors" means replacing the
16 existing electric conductor with a conductor that increases the
17 capacity of the electrical grid and/or improves efficiency,
18 reliability, and safety. Advanced conductors may include, but are not
19 limited to, conductors that have electrical resistance of at least 10
20 percent lower than existing conductors of a similar diameter, or high
21 temperature low sag conductors.

22 NEW SECTION. **Sec. 3.** (1) The Washington electric transmission
23 authority is hereby created as a public body. The authority is an
24 instrumentality of the state exercising essential government
25 functions related to electric transmission.

26 (2) The purpose of the authority is to:

27 (a) Support the expeditious and efficient expansion of new
28 electric transmission capacity within the state that are prudent and
29 needed to serve Washington customers;

30 (b) Support the development of community microgrids, distributed
31 energy resources, and energy conservation;

32 (c) Pursue cost-effective nonwire alternatives to increase the
33 capacity of existing electrical infrastructure;

34 (d) Be a statewide resource for developing and coordinating
35 upgrades to existing transmission lines;

36 (e) Collaborate with electric utilities, independent transmission
37 developers, local jurisdictions, neighboring states, regional
38 entities, and the federal government to develop interstate and
39 regional transmission resources;

1 (f) Evaluate opportunities for regional wholesale markets; and

2 (g) Support community and economic development.

3 (3) To the greatest extent practicable, when carrying out its
4 duties, the authority must seek to:

5 (a) Protect cultural and natural resources;

6 (b) Avoid impacts to overburdened communities and vulnerable
7 populations;

8 (c) Support good jobs;

9 (d) Maximize the use of existing rights-of-way for transmission
10 development; and

11 (e) Mitigate wildfire risk.

12 (4) The authority must employ an executive director, who must be
13 appointed by the board of directors created under section 4 of this
14 act. Approval by an affirmative vote of at least five members of the
15 board is required for any decisions regarding employment of the
16 executive director. The board may fix the compensation of the
17 executive director. The executive director must employ staff
18 sufficient to accomplish the purposes of this act.

19 (5) The authority must update the transmission needs assessment
20 developed by the department under section 5 of this act no later than
21 October 30, 2031, and no less than every five years thereafter.

22 (6) The authority must submit a report of its activities to the
23 governor and to the appropriate committees of the legislature by
24 December 1, 2025, and annually every July 1st thereafter. The report
25 must include operating and financial statements covering the
26 operations of the authority for the previous fiscal year.

27 (7) The authority and any eligible facilities acquired by the
28 authority are not subject to the supervision, regulation, control, or
29 jurisdiction of the Washington utilities and transportation
30 commission, provided that nothing in this act shall be interpreted to
31 allow an electrical company regulated under Title 80 RCW to include
32 the cost of eligible facilities in its rate base without the approval
33 of the Washington utilities and transportation commission.

34 NEW SECTION. **Sec. 4.** (1) A board of directors is created to
35 hire the executive director and advise the authority on policies that
36 are consistent with the purposes of this chapter.

37 (2) The nine members of the board are as follows:

38 (a) The director of the department, or the director's designee;

1 (b) One member appointed by the governor with special knowledge
2 of the public utility industry;

3 (c) One member appointed by the governor with knowledge of land
4 use planning and law and local permitting processes;

5 (d) One member appointed by the governor with expertise in clean
6 energy development;

7 (e) One member appointed by the governor with expertise in
8 ratepayer protection;

9 (f) One member appointed by the governor representing electrical
10 workers with expertise in building electric transmission;

11 (g) One member appointed by the governor with experience
12 financing large infrastructure projects;

13 (h) One member appointed by the governor with knowledge of
14 wildlife conservation and land use policies; and

15 (i) One member appointed by the governor from a federally
16 recognized Indian tribe whose treaty ceded areas or usual and
17 accustomed places included parts of Washington.

18 (3) No member may represent a person that owns or operates
19 electric generating or transmission facilities.

20 (4) Members of the board appointed by the governor must serve
21 four-year terms. However, the governor must stagger the terms of six
22 of the initial appointees for terms of one, two, and three years. At
23 the end of the term, these members may be reappointed by the
24 governor, or the governor may choose to appoint a new member.

25 (5) Decisions of the board require a simple majority vote of all
26 the members on the board.

27 (6) Members of the board must elect a chair from among its
28 membership to serve for a two-year period.

29 (7) The board must meet at least quarterly.

30 (8) The department must provide staff support to the board.

31 (9) Members of the board must serve without additional
32 compensation but must be reimbursed for travel expenses as provided
33 by RCW 43.03.050 and 43.03.060.

34 NEW SECTION. **Sec. 5.** A new section is added to chapter 43.330
35 RCW to read as follows:

36 (1) The department must:

37 (a) Develop and adopt a 20-year transmission needs assessment.

38 (i) The needs assessment must:

1 (A) Identify high priority corridors that are needed to meet
2 current and forecasted transmission demand, including whether new
3 transmission lines could be built on existing rights-of-way. High
4 priority corridor identification must include:

5 (I) The forecasted transmission and interconnection demands of
6 clean energy projects sited in Washington necessary to meet clean
7 energy transformation act targets under RCW 19.405.010; and

8 (II) Lower conflict siting approaches to identify areas with
9 forecasted transmission demands for in-state clean energy generation,
10 such as areas identified in the Washington state university least-
11 conflict solar siting process, the United States department of energy
12 renewable energy siting through technical engagement and planning
13 program, or clean energy zones identified by the state;

14 (B) Identify investments in existing transmission lines, such as
15 grid-enhancing technologies and reconductoring with advanced
16 conductors, that can unlock additional capacity and improve network
17 performance to alleviate the need for new transmission lines;

18 (C) Identify and evaluate non-wires alternatives, such as demand
19 response, energy storage, microgrids, and energy efficiency;

20 (D) Identify for the authority regional and interregional
21 transmission forums, and opportunities to coordinate, investigate,
22 plan, prioritize, and negotiate with entities within and outside the
23 state for the establishment of interstate transmission corridors;

24 (E) Coordinate with and provide transmission-related expertise to
25 relevant state agencies;

26 (F) Consider opportunities to colocate transmission corridors
27 along existing rights-of-way for other infrastructure; and

28 (G) Align with the state energy strategy as defined in RCW
29 43.21F.025.

30 (ii) When developing the needs assessment, the department may
31 consider existing planning already completed by electric utilities in
32 Washington state and consult the board of directors about using
33 existing transmission plans developed by regional or federal entities
34 and must avoid, to the greatest extent practicable, duplicating plans
35 or related analysis already produced by and made available by such
36 entities.

37 (iii) The department must complete the first needs assessment by
38 October 30, 2026;

39 (b) Provide assistance to local governments and tribal
40 governments that are permitting the construction and operation of

1 electric transmission projects which includes, but is not limited to,
2 easily accessible information on advanced transmission technologies
3 in Washington and identifying applicable codes and ordinances that
4 support transmission facilities for the purpose of providing
5 frameworks that local and tribal governments may consider and adopt
6 to suit local circumstances;

7 (c) Identify the appropriate debt financing instruments needed to
8 improve capacity to develop electric transmission in Washington. The
9 department may consult with the office of the state treasurer and the
10 office of the attorney general. By November 1, 2025, the department
11 must submit a report that analyzes financing options for the
12 authority and provides recommendations to the governor and the
13 appropriate committees of the legislature.

14 (2) The definitions in section 2 of this act apply throughout
15 this section unless the context clearly requires otherwise.

16 NEW SECTION. **Sec. 6.** The authority may:

17 (1) Adopt rules as necessary to implement this chapter;

18 (2) Utilize the services of executive departments of the state
19 upon mutually agreeable terms and conditions;

20 (3) Exercise the power of eminent domain as outlined under the
21 provisions of chapter 8.04 RCW only for land acquisition necessary to
22 secure property or rights-of-way for new transmission corridors for
23 public use consistent with the purposes of this act;

24 (4) Enter into contracts and agreements;

25 (5) Solicit, receive, and expend gifts, grants, and donations;

26 (6) Apply for and accept federal loans and related assistance;

27 (7)(a) Enter into partnerships with public or private entities,
28 which may include a fee schedule for services provided under a
29 partnership; and

30 (b) When entering into partnerships on transmission projects:

31 (i) Serve as the state environmental policy act lead; and

32 (ii) Serve as tribal consultation lead pursuing reasonable
33 efforts to facilitate government-to-government consultation regarding
34 the entities' partnership with federally recognized Indian tribes
35 affected by the partnership;

36 (8) Engage in transmission planning activities with entities
37 within and outside the state of Washington, along with regional and
38 interregional cost allocation process discussions;

1 (9) Lease, purchase, accept donations of, or otherwise own, hold,
2 improve, or use any property;

3 (10) Sell, lease, exchange, or otherwise dispose of any property;

4 (11)(a) Own electric transmission equipment and systems;

5 (b) Ownership of transmission facilities by the authority may not
6 exceed the extent and duration necessary or useful to promote the
7 public interest. Before becoming an owner or partial owner of any
8 electric transmission facilities, the authority must develop and
9 publish a plan identifying:

10 (i) The public purposes of the authority's ownership;

11 (ii) The conditions that would make the authority's ownership no
12 longer necessary for accomplishing those public purposes; and

13 (iii) A plan to divest the authority of ownership of the facility
14 as soon as economically prudent once those conditions occur;

15 (12)(a) Select a qualified transmission builder or operator, as
16 defined by the authority in rule, to build, finance, plan, acquire,
17 maintain, or operate an electric transmission project;

18 (b) Before developing a project, the authority must adopt
19 criteria in rule for when the authority may proceed to construction
20 in the absence of selecting a qualified transmission builder only as
21 a last resort in instances where the authority identifies a pressing
22 need for a project and there is no ready and willing qualified
23 transmission builder;

24 (13) Sell a state-owned electric transmission project at any
25 stage of development.

26 (a) The authority may sell a project to an electric utility
27 serving customers in the state of Washington, a joint operating
28 agency formed under RCW 43.52.360, the Bonneville power
29 administration, an independent transmission developer, or an
30 independent system operator.

31 (b) Before selling a project that is not part of a partnership
32 agreement, the authority must adopt criteria in rule for developing a
33 transparent process including issuing a competitive request for
34 proposals, evaluating proposals, and selecting a project buyer.

35 (c) The authority is not required to sell to the highest bidder.
36 The authority must adopt criteria in rule to determine when the
37 authority would continue developing or owning a project after
38 receiving bids on a request for proposal if it determines, after a
39 thorough internal examination, that it is in the best interest of the
40 public to continue owning the project; and

1 (14) Adopt criteria in rule for an initial local investment
2 commitment fee and annual local investment commitment fee for high
3 voltage projects that the authority develops, owns, or sells under
4 this chapter. Rule making will provide that the fees are distributed
5 among counties, cities, towns, and federally recognized Indian tribes
6 whose treaty ceded areas or usual and accustomed places included
7 parts of Washington, in proportion to the project's impact, and that
8 the fees are appurtenant to the project such that the assessed fees
9 are transferred with the title if the project is sold.

10 NEW SECTION. **Sec. 7.** The electric transmission operating
11 account is created in the state treasury. All receipts from
12 appropriations made by the legislature, federal funds, or gifts or
13 grants from the private sector or foundations and other sources must
14 be deposited in the account. Moneys in the account may be spent only
15 after appropriation. Expenditures from the account may be used only
16 for operating cost purposes consistent with this chapter.

17 NEW SECTION. **Sec. 8.** The electric transmission capital account
18 is created in the state treasury. All moneys received for the
19 acquisition, sale, management, and administration of the authority's
20 duties under this chapter for electric transmission projects
21 including, but not limited to, proceeds from the sale of land and/or
22 improvements, fees collected for services provided to transmission
23 developers, local investment commitment fees, interest earned on
24 investments in the account, and all other revenue related to electric
25 transmission projects created or acquired pursuant to this chapter
26 must be deposited into the account. The account is authorized to
27 receive fund transfers and appropriations from the general fund, as
28 well as gifts, grants, and endowments from public or private sources
29 as may be made from time to time. Moneys in the account may be spent
30 only after appropriation. Expenditures from the account may be used
31 by the executive director of the authority, or the executive
32 director's designee, to reimburse management costs incurred by the
33 authority on electric transmission projects, for the acquisition of
34 interests in land or other real property to be managed as electric
35 transmission projects, and for all other nonoperating cost purposes
36 consistent with this chapter.

1 NEW SECTION. **Sec. 9.** (1) Information obtained by the authority
2 that is critical energy infrastructure information or proprietary
3 technical or business information shall be confidential and not
4 subject to inspection or disclosure pursuant to chapter 42.56 RCW.

5 (2) For the purposes of this section, the following definitions
6 apply:

7 (a) "Critical energy infrastructure" means systems and assets,
8 whether physical or virtual, the incapacity or destruction of which
9 threatens to disrupt or diminish the supply of energy to the extent
10 that the public health, safety, and general welfare may be
11 jeopardized.

12 (b) "Critical energy infrastructure information" means
13 information regarding critical energy infrastructure where the
14 information:

15 (i) Contains records of actual, potential, or threatened
16 interference with, attacks on, compromise of, or incapacitation of
17 critical energy infrastructure or protected systems by either
18 physical or computer-based attacks, or other similar conduct that
19 violates federal, state, or local law, harms interstate commerce of
20 Washington state or the United States, or threatens to disrupt or
21 diminish the supply of energy to the extent that the public health,
22 safety, and general welfare may be jeopardized; or

23 (ii) Does not simply give the general location of or relay
24 publicly available information about the critical energy
25 infrastructure.

26 **PART II - APPLICATION OF THE STATE ENVIRONMENTAL POLICY ACT TO**
27 **TRANSMISSION IMPROVEMENTS**

28 NEW SECTION. **Sec. 10.** A new section is added to chapter 43.21C
29 RCW to read as follows:

30 The following utility-related upgrading and rebuilding activities
31 for existing electric transmission lines over 115 kilovolts, except
32 on lands covered by water or underwater, are categorically exempt
33 from compliance with this chapter:

34 (1) Rebuilding or upgrading within an existing right-of-way
35 including reconductoring with advanced conductors and grid-enhancing
36 technologies as defined in section 2 of this act;

1 (2) Relocating segments of transmission lines within an existing
2 right-of-way or within adjacent previously disturbed or developed
3 lands; and

4 (3) Widening an existing transmission line right-of-way to meet
5 current electrical standards. The widening must be within previously
6 disturbed or developed lands and only as needed to comply with
7 applicable electrical standards.

8 NEW SECTION. **Sec. 11.** A new section is added to chapter 43.21C
9 RCW to read as follows:

10 (1) For a project that is categorically exempt under section 10
11 of this act, the authority must notify the department of archaeology
12 and historic preservation created in chapter 43.334 RCW and each
13 federally recognized Indian tribe with usual and accustomed areas and
14 ceded treaty areas in the area where the right-of-way exists before
15 commencing the project. The purpose of the notification and
16 consultation required under this section is to allow the authority to
17 determine that there are no existing archaeological, cultural, or
18 tribal resources in the right-of-way. The department of archaeology
19 and historic preservation may require a survey to be done in
20 coordination with the affected federally recognized Indian tribe,
21 must ensure that consultation with such tribes occurs, and must
22 determine whether archaeological, cultural, or tribal resources are
23 identified in an existing right-of-way. If any such resources are
24 identified, the department of archaeology and historic preservation
25 must ensure that the utility or transmission developer accounts for
26 and protects the resources under chapter 27.53 RCW. Information
27 provided by the federally recognized Indian tribe must be kept
28 confidential and exempt from public disclosure under chapter 42.56
29 RCW.

30 (2) The definitions in section 2 of this act apply throughout
31 this section unless the context clearly requires otherwise.

32 **PART III - INCENTIVES FOR ELECTRIC TRANSMISSION INVESTMENT**

33 NEW SECTION. **Sec. 12.** A new section is added to chapter 80.28
34 RCW to read as follows:

35 (1) In establishing rates for each electrical company regulated
36 under this title, the commission may allow an incentive rate of
37 return on investment through December 31, 2040, on capital

1 expenditures for grid-enhancing technologies and reconductoring with
2 advanced conductors as defined in section 2 of this act that are
3 deployed for the benefit of ratepayers on transmission owned and
4 operated by the electrical company. The commission must consider and
5 may adopt other policies to encourage increased deployment of
6 electric transmission infrastructure improvements that increase the
7 capacity of existing transmission infrastructure.

8 (2) An incentive rate of return on investment under this section
9 may be allowed only if the company chooses to pursue capital
10 investments in grid-enhancing technologies or reconductoring with
11 advanced conductors. In the case of an incentive rate of return on
12 investment allowed under this section, an increment of up to two
13 percent may be added to the rate of return on common equity allowed
14 on the company's other investments with demonstrated benefits to
15 ratepayers.

16 (3) The incentive rate of return on investment authorized in
17 subsection (2) of this section applies only to projects which have
18 been installed after July 1, 2025.

19 (4) The incentive rate of return on investment increment pursuant
20 to this section may be earned only for a period of 15 years. By
21 December 31, 2029, the commission must report to the appropriate
22 committees of the legislature on the use of any incentives allowed
23 under this section, the quantifiable impacts of the incentives on
24 electric transmission deployment, and any recommendations to the
25 legislature about further utility investments in electric
26 transmission.

27 **PART IV - MISCELLANEOUS**

28 **Sec. 13.** RCW 43.84.092 and 2024 c 210 s 4 and 2024 c 168 s 12
29 are each reenacted and amended to read as follows:

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

33 (2) The treasury income account shall be utilized to pay or
34 receive funds associated with federal programs as required by the
35 federal cash management improvement act of 1990. The treasury income
36 account is subject in all respects to chapter 43.88 RCW, but no
37 appropriation is required for refunds or allocations of interest
38 earnings required by the cash management improvement act. Refunds of

1 interest to the federal treasury required under the cash management
2 improvement act fall under RCW 43.88.180 and shall not require
3 appropriation. The office of financial management shall determine the
4 amounts due to or from the federal government pursuant to the cash
5 management improvement act. The office of financial management may
6 direct transfers of funds between accounts as deemed necessary to
7 implement the provisions of the cash management improvement act, and
8 this subsection. Refunds or allocations shall occur prior to the
9 distributions of earnings set forth in subsection (4) of this
10 section.

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

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

24 (a) The following accounts and funds shall receive their
25 proportionate share of earnings based upon each account's and fund's
26 average daily balance for the period: The abandoned recreational
27 vehicle disposal account, the aeronautics account, the Alaskan Way
28 viaduct replacement project account, the ambulance transport fund,
29 the budget stabilization account, the capital vessel replacement
30 account, the capitol building construction account, the Central
31 Washington University capital projects account, the charitable,
32 educational, penal and reformatory institutions account, the Chehalis
33 basin account, the Chehalis basin taxable account, the clean fuels
34 credit account, the clean fuels transportation investment account,
35 the cleanup settlement account, the climate active transportation
36 account, the climate transit programs account, the Columbia river
37 basin water supply development account, the Columbia river basin
38 taxable bond water supply development account, the Columbia river
39 basin water supply revenue recovery account, the common school
40 construction fund, the community forest trust account, the connecting

1 Washington account, the county arterial preservation account, the
2 county criminal justice assistance account, the covenant
3 homeownership account, the deferred compensation administrative
4 account, the deferred compensation principal account, the department
5 of licensing services account, the department of retirement systems
6 expense account, the developmental disabilities community services
7 account, the diesel idle reduction account, the opioid abatement
8 settlement account, the drinking water assistance account, the
9 administrative subaccount of the drinking water assistance account,
10 the early learning facilities development account, the early learning
11 facilities revolving account, the Eastern Washington University
12 capital projects account, the education construction fund, the
13 education legacy trust account, the election account, the electric
14 transmission capital account, the electric vehicle account, the
15 energy freedom account, the energy recovery act account, the
16 essential rail assistance account, The Evergreen State College
17 capital projects account, the fair start for kids account, the family
18 medicine workforce development account, the ferry bond retirement
19 fund, the fish, wildlife, and conservation account, the freight
20 mobility investment account, the freight mobility multimodal account,
21 the grade crossing protective fund, the higher education retirement
22 plan supplemental benefit fund, the Washington student loan account,
23 the highway bond retirement fund, the highway infrastructure account,
24 the highway safety fund, the hospital safety net assessment fund, the
25 Interstate 5 bridge replacement project account, the Interstate 405
26 and state route number 167 express toll lanes account, the judges'
27 retirement account, the judicial retirement administrative account,
28 the judicial retirement principal account, the limited fish and
29 wildlife account, the local leasehold excise tax account, the local
30 real estate excise tax account, the local sales and use tax account,
31 the marine resources stewardship trust account, the medical aid
32 account, the money-purchase retirement savings administrative
33 account, the money-purchase retirement savings principal account, the
34 motor vehicle fund, the motorcycle safety education account, the move
35 ahead WA account, the move ahead WA flexible account, the multimodal
36 transportation account, the multiuse roadway safety account, the
37 municipal criminal justice assistance account, the oyster reserve
38 land account, the pension funding stabilization account, the
39 perpetual surveillance and maintenance account, the pilotage account,
40 the pollution liability insurance agency underground storage tank

1 revolving account, the public employees' retirement system plan 1
2 account, the public employees' retirement system combined plan 2 and
3 plan 3 account, the public facilities construction loan revolving
4 account, the public health supplemental account, the public works
5 assistance account, the Puget Sound capital construction account, the
6 Puget Sound ferry operations account, the Puget Sound Gateway
7 facility account, the Puget Sound taxpayer accountability account,
8 the real estate appraiser commission account, the recreational
9 vehicle account, the regional mobility grant program account, the
10 reserve officers' relief and pension principal fund, the resource
11 management cost account, the rural arterial trust account, the rural
12 mobility grant program account, the rural Washington loan fund, the
13 second injury fund, the sexual assault prevention and response
14 account, the site closure account, the skilled nursing facility
15 safety net trust fund, the small city pavement and sidewalk account,
16 the special category C account, the special wildlife account, the
17 state hazard mitigation revolving loan account, the state investment
18 board expense account, the state investment board commingled trust
19 fund accounts, the state patrol highway account, the state
20 reclamation revolving account, the state route number 520 civil
21 penalties account, the state route number 520 corridor account, the
22 statewide broadband account, the statewide tourism marketing account,
23 the supplemental pension account, the Tacoma Narrows toll bridge
24 account, the teachers' retirement system plan 1 account, the
25 teachers' retirement system combined plan 2 and plan 3 account, the
26 tobacco prevention and control account, the tobacco settlement
27 account, the toll facility bond retirement account, the
28 transportation 2003 account (nickel account), the transportation
29 equipment fund, the JUDY transportation future funding program
30 account, the transportation improvement account, the transportation
31 improvement board bond retirement account, the transportation
32 infrastructure account, the transportation partnership account, the
33 traumatic brain injury account, the tribal opioid prevention and
34 treatment account, the University of Washington bond retirement fund,
35 the University of Washington building account, the voluntary cleanup
36 account, the volunteer firefighters' relief and pension principal
37 fund, the volunteer firefighters' and reserve officers'
38 administrative fund, the vulnerable roadway user education account,
39 the Washington judicial retirement system account, the Washington law
40 enforcement officers' and firefighters' system plan 1 retirement

1 account, the Washington law enforcement officers' and firefighters'
2 system plan 2 retirement account, the Washington public safety
3 employees' plan 2 retirement account, the Washington school
4 employees' retirement system combined plan 2 and 3 account, the
5 Washington state patrol retirement account, the Washington State
6 University building account, the Washington State University bond
7 retirement fund, the water pollution control revolving administration
8 account, the water pollution control revolving fund, the Western
9 Washington University capital projects account, the Yakima integrated
10 plan implementation account, the Yakima integrated plan
11 implementation revenue recovery account, and the Yakima integrated
12 plan implementation taxable bond account. Earnings derived from
13 investing balances of the agricultural permanent fund, the normal
14 school permanent fund, the permanent common school fund, the
15 scientific permanent fund, and the state university permanent fund
16 shall be allocated to their respective beneficiary accounts.

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

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

26 **Sec. 14.** RCW 43.84.092 and 2024 c 210 s 5 and 2024 c 168 s 13
27 are each reenacted and amended to read as follows:

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

31 (2) The treasury income account shall be utilized to pay or
32 receive funds associated with federal programs as required by the
33 federal cash management improvement act of 1990. The treasury income
34 account is subject in all respects to chapter 43.88 RCW, but no
35 appropriation is required for refunds or allocations of interest
36 earnings required by the cash management improvement act. Refunds of
37 interest to the federal treasury required under the cash management
38 improvement act fall under RCW 43.88.180 and shall not require
39 appropriation. The office of financial management shall determine the

1 amounts due to or from the federal government pursuant to the cash
2 management improvement act. The office of financial management may
3 direct transfers of funds between accounts as deemed necessary to
4 implement the provisions of the cash management improvement act, and
5 this subsection. Refunds or allocations shall occur prior to the
6 distributions of earnings set forth in subsection (4) of this
7 section.

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

17 (4) Monthly, the state treasurer shall distribute the earnings
18 credited to the treasury income account. The state treasurer shall
19 credit the general fund with all the earnings credited to the
20 treasury income account except:

21 (a) The following accounts and funds shall receive their
22 proportionate share of earnings based upon each account's and fund's
23 average daily balance for the period: The abandoned recreational
24 vehicle disposal account, the aeronautics account, the Alaskan Way
25 viaduct replacement project account, the budget stabilization
26 account, the capital vessel replacement account, the capitol building
27 construction account, the Central Washington University capital
28 projects account, the charitable, educational, penal and reformatory
29 institutions account, the Chehalis basin account, the Chehalis basin
30 taxable account, the clean fuels credit account, the clean fuels
31 transportation investment account, the cleanup settlement account,
32 the climate active transportation account, the climate transit
33 programs account, the Columbia river basin water supply development
34 account, the Columbia river basin taxable bond water supply
35 development account, the Columbia river basin water supply revenue
36 recovery account, the common school construction fund, the community
37 forest trust account, the connecting Washington account, the county
38 arterial preservation account, the county criminal justice assistance
39 account, the covenant homeownership account, the deferred
40 compensation administrative account, the deferred compensation

1 principal account, the department of licensing services account, the
2 department of retirement systems expense account, the developmental
3 disabilities community services account, the diesel idle reduction
4 account, the opioid abatement settlement account, the drinking water
5 assistance account, the administrative subaccount of the drinking
6 water assistance account, the early learning facilities development
7 account, the early learning facilities revolving account, the Eastern
8 Washington University capital projects account, the education
9 construction fund, the education legacy trust account, the election
10 account, the electric transmission capital account, the electric
11 vehicle account, the energy freedom account, the energy recovery act
12 account, the essential rail assistance account, The Evergreen State
13 College capital projects account, the fair start for kids account,
14 the family medicine workforce development account, the ferry bond
15 retirement fund, the fish, wildlife, and conservation account, the
16 freight mobility investment account, the freight mobility multimodal
17 account, the grade crossing protective fund, the higher education
18 retirement plan supplemental benefit fund, the Washington student
19 loan account, the highway bond retirement fund, the highway
20 infrastructure account, the highway safety fund, the hospital safety
21 net assessment fund, the Interstate 5 bridge replacement project
22 account, the Interstate 405 and state route number 167 express toll
23 lanes account, the judges' retirement account, the judicial
24 retirement administrative account, the judicial retirement principal
25 account, the limited fish and wildlife account, the local leasehold
26 excise tax account, the local real estate excise tax account, the
27 local sales and use tax account, the marine resources stewardship
28 trust account, the medical aid account, the money-purchase retirement
29 savings administrative account, the money-purchase retirement savings
30 principal account, the motor vehicle fund, the motorcycle safety
31 education account, the move ahead WA account, the move ahead WA
32 flexible account, the multimodal transportation account, the multiuse
33 roadway safety account, the municipal criminal justice assistance
34 account, the oyster reserve land account, the pension funding
35 stabilization account, the perpetual surveillance and maintenance
36 account, the pilotage account, the pollution liability insurance
37 agency underground storage tank revolving account, the public
38 employees' retirement system plan 1 account, the public employees'
39 retirement system combined plan 2 and plan 3 account, the public
40 facilities construction loan revolving account, the public health

1 supplemental account, the public works assistance account, the Puget
2 Sound capital construction account, the Puget Sound ferry operations
3 account, the Puget Sound Gateway facility account, the Puget Sound
4 taxpayer accountability account, the real estate appraiser commission
5 account, the recreational vehicle account, the regional mobility
6 grant program account, the reserve officers' relief and pension
7 principal fund, the resource management cost account, the rural
8 arterial trust account, the rural mobility grant program account, the
9 rural Washington loan fund, the second injury fund, the sexual
10 assault prevention and response account, the site closure account,
11 the skilled nursing facility safety net trust fund, the small city
12 pavement and sidewalk account, the special category C account, the
13 special wildlife account, the state hazard mitigation revolving loan
14 account, the state investment board expense account, the state
15 investment board commingled trust fund accounts, the state patrol
16 highway account, the state reclamation revolving account, the state
17 route number 520 civil penalties account, the state route number 520
18 corridor account, the statewide broadband account, the statewide
19 tourism marketing account, the supplemental pension account, the
20 Tacoma Narrows toll bridge account, the teachers' retirement system
21 plan 1 account, the teachers' retirement system combined plan 2 and
22 plan 3 account, the tobacco prevention and control account, the
23 tobacco settlement account, the toll facility bond retirement
24 account, the transportation 2003 account (nickel account), the
25 transportation equipment fund, the JUDY transportation future funding
26 program account, the transportation improvement account, the
27 transportation improvement board bond retirement account, the
28 transportation infrastructure account, the transportation partnership
29 account, the traumatic brain injury account, the tribal opioid
30 prevention and treatment account, the University of Washington bond
31 retirement fund, the University of Washington building account, the
32 voluntary cleanup account, the volunteer firefighters' relief and
33 pension principal fund, the volunteer firefighters' and reserve
34 officers' administrative fund, the vulnerable roadway user education
35 account, the Washington judicial retirement system account, the
36 Washington law enforcement officers' and firefighters' system plan 1
37 retirement account, the Washington law enforcement officers' and
38 firefighters' system plan 2 retirement account, the Washington public
39 safety employees' plan 2 retirement account, the Washington school
40 employees' retirement system combined plan 2 and 3 account, the

1 Washington state patrol retirement account, the Washington State
2 University building account, the Washington State University bond
3 retirement fund, the water pollution control revolving administration
4 account, the water pollution control revolving fund, the Western
5 Washington University capital projects account, the Yakima integrated
6 plan implementation account, the Yakima integrated plan
7 implementation revenue recovery account, and the Yakima integrated
8 plan implementation taxable bond account. Earnings derived from
9 investing balances of the agricultural permanent fund, the normal
10 school permanent fund, the permanent common school fund, the
11 scientific permanent fund, and the state university permanent fund
12 shall be allocated to their respective beneficiary accounts.

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

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

22 NEW SECTION. **Sec. 15.** Section 13 of this act expires July 1,
23 2028.

24 NEW SECTION. **Sec. 16.** Section 14 of this act takes effect July
25 1, 2028.

26 NEW SECTION. **Sec. 17.** Sections 2 through 4 and 6 through 9 of
27 this act constitute a new chapter in Title 43 RCW.

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