
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 improves efficiency, reliability,
18 and safety. Advanced conductors may include, but are not limited to,
19 conductors that have electrical resistance of at least 10 percent
20 lower than existing conductors of a similar diameter, high
21 temperature low sag conductors, high tensile strength conductors, or
22 tree wire conductors.

23 NEW SECTION. **Sec. 3.** (1) The Washington electric transmission
24 authority is hereby created.

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

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

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

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

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

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

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

- 1 (g) Support community and economic development.
- 2 (3) To the greatest extent practicable, when carrying out its
3 duties, the authority must seek to:
- 4 (a) Protect cultural and natural resources;
- 5 (b) Avoid impacts to overburdened communities and vulnerable
6 populations;
- 7 (c) Support good jobs;
- 8 (d) Maximize the use of existing rights-of-way for transmission
9 development; and
- 10 (e) Mitigate wildfire risk.
- 11 (4) The authority must employ an executive director, who must be
12 appointed by the board of directors created under section 4 of this
13 act. Approval by an affirmative vote of at least five members of the
14 board is required for any decisions regarding employment of the
15 executive director. At the end of the first year of each three-year
16 term, the board must consider an extension of the executive
17 director's term by one year. The board may fix the compensation of
18 the executive director. The executive director must employ staff
19 sufficient to accomplish the purposes of this act.
- 20 (5) The authority must update the transmission needs assessment
21 developed by the department under section 5 of this act by October
22 30, 2031, and every five years thereafter.
- 23 (6) The authority must submit a report of its activities to the
24 governor and to the appropriate committees of the legislature by
25 December 1, 2025, and annually every September 1st thereafter. The
26 report must include operating and financial statements covering the
27 operations of the authority for the previous fiscal year.

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

- 31 (2) The nine members of the board are as follows:
- 32 (a) The director of the department, or the director's designee;
- 33 (b) One member appointed by the governor with special knowledge
34 of the public utility industry;
- 35 (c) One member appointed by the governor with knowledge of land
36 use planning and law and local permitting processes;
- 37 (d) One member appointed by the governor with expertise in clean
38 energy development;

1 (e) One member appointed by the governor with expertise in
2 ratepayer protection;

3 (f) One member appointed by the governor representing electrical
4 workers with expertise in building electrical transmissions;

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

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

9 (i) One member appointed by the governor from a federally
10 recognized Indian tribe.

11 (3) No member must represent a person that owns or operates
12 electric generating or transmission facilities.

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

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

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

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

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

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

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

29 (1) The department must:

30 (a) Develop a 20-year transmission needs assessment that
31 identifies inefficiencies and deficits in the existing transmission
32 system.

33 (i) The needs assessment must:

34 (A) Identify high-priority corridors that are needed to meet
35 current and forecasted transmission demand, including whether new
36 transmission lines could be built on existing rights-of-way;

37 (B) Identify investments in existing transmission lines, such as
38 grid-enhancing technologies and reconductoring with advanced

1 conductors, that can unlock additional capacity and improve network
2 performance to alleviate the need for new transmission lines;

3 (C) Identify and evaluate nonwires alternatives that can reduce
4 the need to build new transmission lines, such as demand response,
5 energy storage, microgrids, and energy efficiency;

6 (D) Engage proactively in conversations with neighboring states
7 to coordinate interconnection planning and development that supports
8 regional resource adequacy and access to least-cost resources;

9 (E) Engage proactively in regional and interregional cost
10 allocation discussions to develop methodologies that share the costs
11 and benefits equitably;

12 (F) Coordinate with and provide transmission-related expertise to
13 relevant state agencies;

14 (G) Consider opportunities to collocate transmission corridors
15 along existing rights-of-way for other infrastructure; and

16 (H) Align with the state energy strategy as defined in RCW
17 43.21F.025.

18 (ii) When developing the needs assessment, the department may
19 consider integrated resource plans developed under chapter 19.280 RCW
20 and consult the board of directors about using existing transmission
21 plans developed by regional or federal entities and must avoid, to
22 the greatest extent practicable, duplicating plans or related
23 analysis already produced by and made available by such entities.

24 (iii) The department must complete the first needs assessment by
25 October 30, 2026, and then the authority must complete a needs
26 assessment every five years thereafter;

27 (b) Develop a transmission system enhancement roadmap that
28 identifies specific actions and corresponding timelines to meet the
29 needs identified in the transmission needs assessment.

30 (i) The transmission system enhancement roadmap must prioritize
31 actions based on the following criteria:

32 (A) The capacity for a transmission project to cost-effectively
33 help meet Washington's clean electricity targets;

34 (B) Minimizing impact to natural and cultural resources on tribal
35 lands, to the greatest extent practicable; and

36 (C) Minimizing environmental impact, to the greatest extent
37 practicable.

38 (ii) The department must complete a transmission system
39 enhancement roadmap along with the transmission needs assessment by
40 October 30, 2026;

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

9 (d) Consult with bond counsel to identify the appropriate state
10 bonding authority needed to improve capacity to develop electric
11 transmission in Washington, including identifying the activities to
12 be funded by electric transmission bonds. By November 1, 2025, the
13 department must prepare request legislation to establish bonding
14 authority for the authority.

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

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

- 18 (1) Adopt rules as necessary to implement this chapter;
- 19 (2) Exercise the power of eminent domain as outlined under the
20 provisions of chapter 8.04 RCW only for land acquisition necessary to
21 secure rights-of-way for new transmission corridors;
- 22 (3) Enter into contracts and agreements;
- 23 (4) Solicit and receive and expend gifts, grants, and donations;
- 24 (5) Apply for and accept federal loans and related assistance;
- 25 (6) (a) Enter into partnerships with public or private entities,
26 which may include a fee schedule for services provided under a
27 partnership; and
- 28 (b) When entering into partnerships on transmission projects:
- 29 (i) Serve as the state environmental policy act lead; and
- 30 (ii) Serve as tribal consultation lead;
- 31 (7) Engage in transmission planning activities with entities
32 within and outside the state of Washington;
- 33 (8) Lease, purchase, accept donations of, or otherwise own, hold,
34 improve, or use any property;
- 35 (9) Sell, lease, exchange, or otherwise dispose of any property;
- 36 (10) (a) Own electric transmission equipment and systems;
- 37 (b) Ownership of transmission facilities by the authority may not
38 exceed the extent and duration necessary or useful to promote the
39 public interest. Before becoming an owner or partial owners of any

1 electrical transmission facilities, the authority must develop and
2 publish a plan identifying:

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

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

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

8 (11)(a) Select a qualified transmission builder or operator, as
9 defined by the authority in rule, to build, finance, plan, acquire,
10 maintain, and operate an electric transmission project;

11 (b) Before developing a project, the authority must adopt
12 criteria in rule for when the authority may proceed to construction
13 in the absence of selecting a qualified transmission builder only as
14 a last resort in instances where the authority identifies a pressing
15 need for a project and there is no ready and willing qualified
16 transmission builder; and

17 (12) Sell a state-owned electric transmission project at any
18 stage of development.

19 (a) The authority may sell a project to utility serving customers
20 in the state of Washington, a joint operating agency formed under RCW
21 43.52.360, the Bonneville power administration, an independent
22 transmission developer, or an independent system operator.

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

27 (c) The authority is not required to sell to the highest bidder.
28 The authority must adopt criteria in rule to determine when the
29 authority would continue developing or operating a project after
30 receiving bids on a request for proposal if it determines, after a
31 thorough internal examination, that it is in the best interest of the
32 public to continue owning the project; and

33 (13) Adopt criteria in rule for an initial local investment
34 commitment fee and annual local investment commitment fee for high-
35 voltage projects that the authority develops, owns, or sells under
36 this chapter. Rule making will provide that the fees are distributed
37 among counties, cities, towns, and tribes in proportion to the
38 project's impact, and that the fees are appurtenant to the project
39 such that the assessed fees are transferred with the title if the
40 project is sold.

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

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

28 NEW SECTION. **Sec. 9.** (1) Except where doing so would reveal
29 critical state transmission assets or sensitive proprietary
30 commercial information, all nonfederal providers of transmission in
31 Washington state must endeavor to provide to the department as much
32 information as the department deems necessary for conducting the
33 first transmission needs assessment and transmission system
34 enhancement roadmap and to the authority for the subsequent needs
35 assessments outlined in this chapter.

36 (2) The Bonneville power administration is encouraged to provide
37 all necessary information to the department to conduct the first
38 transmission needs assessment and transmission system enhancement

1 roadmap and to the authority to conduct the subsequent needs
2 assessments outlined in this chapter.

3 (3) Information provided to the department or authority by
4 transmission providers that is determined to be confidential by such
5 transmission providers must be kept confidential by the department
6 and authority, used only in the aggregate for the transmission needs
7 assessment and transmission system enhancement roadmap, and is not
8 subject to disclosure under chapter 42.56 RCW.

9 (4) The department or authority may not use information provided
10 by transmission providers under this section in order to originate or
11 develop projects already being developed by such transmission
12 providers.

13 **PART II - APPLICATION OF THE STATE ENVIRONMENTAL**
14 **POLICY ACT TO TRANSMISSION IMPROVEMENTS**

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

17 (1) The following utility-related actions are categorically
18 exempt from compliance with this chapter:

19 (a) Upgrading or rebuilding existing electric powerlines as long
20 as the actions involve:

21 (i) Relocations of small segments of the powerlines within an
22 existing powerline right-of-way or within adjacent previously
23 disturbed or developed lands; or

24 (ii) Widening an existing powerline right-of-way to meet current
25 electrical standards if the widening remains within previously
26 disturbed or developed lands and only extends into a small area
27 beyond such lands as needed to comply with applicable electrical
28 standards; and

29 (b) Upgrading an existing transmission line, within existing
30 rights-of-way, with grid-enhancing technologies as defined in section
31 2 of this act.

32 (2) This categorical exemption does not apply to underwater
33 powerlines.

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

36 For a project that is categorically exempt under section 10 of
37 this act, the utility must notify the department of archaeology and

1 historic preservation created in chapter 43.334 RCW and each
2 federally recognized Indian tribe with usual and accustomed areas and
3 ceded treaty areas in the area where the right-of-way exists before
4 commencing the project. The purpose of the notification and
5 consultation required under this section is to allow the utility to
6 determine that there are no existing archaeological, cultural, or
7 tribal resources in the right-of-way. The department of archaeology
8 and historic preservation may require a survey to be done in
9 coordination with the affected federally recognized Indian tribe,
10 must ensure that consultation with such tribes occurs, and must
11 determine whether archaeological, cultural, or tribal resources are
12 identified in an existing right-of-way. If any such resources are
13 identified, the department of archaeology and historic preservation
14 must ensure that the utility accounts for and protects the resources
15 under chapter 27.53 RCW. Information provided by the federally
16 recognized Indian tribe must be kept confidential and exempt from
17 public disclosure under chapter 42.56 RCW.

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

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

21 (1) In establishing rates for each electrical company regulated
22 under this title, the commission may allow an incentive rate of
23 return on investment through December 31, 2040, on capital
24 expenditures for grid-enhancing technologies and reconductoring with
25 advanced conductors as defined in section 2 of this act that are
26 deployed for the benefit of ratepayers on transmission owned and
27 operated by the electrical company. The commission must consider and
28 may adopt other policies to encourage increased deployment of
29 electric transmission infrastructure improvements that increase the
30 capacity of existing transmission infrastructure.

31 (2) An incentive rate of return on investment under this section
32 may be allowed only if the company chooses to pursue capital
33 investments in grid-enhancing technologies or reconductoring with
34 advanced conductors. In the case of an incentive rate of return on
35 investment allowed under this section, an increment of up to two
36 percent may be added to the rate of return on common equity allowed
37 on the company's other investments with demonstrated benefits to
38 ratepayers.

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

4 (4) The incentive rate of return on investment increment pursuant
5 to this section may be earned only for a period of 15 years. By
6 December 31, 2029, the commission must report to the appropriate
7 committees of the legislature on the use of any incentives allowed
8 under this section, the quantifiable impacts of the incentives on
9 electric transmission deployment, and any recommendations to the
10 legislature about further utility investments in electric
11 transmission.

12 **PART IV - MISCELLANEOUS**

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

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

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

34 (3) Except for the provisions of RCW 43.84.160, the treasury
35 income account may be utilized for the payment of purchased banking
36 services on behalf of treasury funds including, but not limited to,
37 depository, safekeeping, and disbursement functions for the state
38 treasury and affected state agencies. The treasury income account is

1 subject in all respects to chapter 43.88 RCW, but no appropriation is
2 required for payments to financial institutions. Payments shall occur
3 prior to distribution of earnings set forth in subsection (4) of this
4 section.

5 (4) Monthly, the state treasurer shall distribute the earnings
6 credited to the treasury income account. The state treasurer shall
7 credit the general fund with all the earnings credited to the
8 treasury income account except:

9 (a) The following accounts and funds shall receive their
10 proportionate share of earnings based upon each account's and fund's
11 average daily balance for the period: The abandoned recreational
12 vehicle disposal account, the aeronautics account, the Alaskan Way
13 viaduct replacement project account, the ambulance transport fund,
14 the budget stabilization account, the capital vessel replacement
15 account, the capitol building construction account, the Central
16 Washington University capital projects account, the charitable,
17 educational, penal and reformatory institutions account, the Chehalis
18 basin account, the Chehalis basin taxable account, the clean fuels
19 credit account, the clean fuels transportation investment account,
20 the cleanup settlement account, the climate active transportation
21 account, the climate transit programs account, the Columbia river
22 basin water supply development account, the Columbia river basin
23 taxable bond water supply development account, the Columbia river
24 basin water supply revenue recovery account, the common school
25 construction fund, the community forest trust account, the connecting
26 Washington account, the county arterial preservation account, the
27 county criminal justice assistance account, the covenant
28 homeownership account, the deferred compensation administrative
29 account, the deferred compensation principal account, the department
30 of licensing services account, the department of retirement systems
31 expense account, the developmental disabilities community services
32 account, the diesel idle reduction account, the opioid abatement
33 settlement account, the drinking water assistance account, the
34 administrative subaccount of the drinking water assistance account,
35 the early learning facilities development account, the early learning
36 facilities revolving account, the Eastern Washington University
37 capital projects account, the education construction fund, the
38 education legacy trust account, the election account, the electric
39 transmission capital account, the electric vehicle account, the
40 energy freedom account, the energy recovery act account, the

1 essential rail assistance account, The Evergreen State College
2 capital projects account, the fair start for kids account, the family
3 medicine workforce development account, the ferry bond retirement
4 fund, the fish, wildlife, and conservation account, the freight
5 mobility investment account, the freight mobility multimodal account,
6 the grade crossing protective fund, the higher education retirement
7 plan supplemental benefit fund, the Washington student loan account,
8 the highway bond retirement fund, the highway infrastructure account,
9 the highway safety fund, the hospital safety net assessment fund, the
10 Interstate 5 bridge replacement project account, the Interstate 405
11 and state route number 167 express toll lanes account, the judges'
12 retirement account, the judicial retirement administrative account,
13 the judicial retirement principal account, the limited fish and
14 wildlife account, the local leasehold excise tax account, the local
15 real estate excise tax account, the local sales and use tax account,
16 the marine resources stewardship trust account, the medical aid
17 account, the money-purchase retirement savings administrative
18 account, the money-purchase retirement savings principal account, the
19 motor vehicle fund, the motorcycle safety education account, the move
20 ahead WA account, the move ahead WA flexible account, the multimodal
21 transportation account, the multiuse roadway safety account, the
22 municipal criminal justice assistance account, the oyster reserve
23 land account, the pension funding stabilization account, the
24 perpetual surveillance and maintenance account, the pilotage account,
25 the pollution liability insurance agency underground storage tank
26 revolving account, the public employees' retirement system plan 1
27 account, the public employees' retirement system combined plan 2 and
28 plan 3 account, the public facilities construction loan revolving
29 account, the public health supplemental account, the public works
30 assistance account, the Puget Sound capital construction account, the
31 Puget Sound ferry operations account, the Puget Sound Gateway
32 facility account, the Puget Sound taxpayer accountability account,
33 the real estate appraiser commission account, the recreational
34 vehicle account, the regional mobility grant program account, the
35 reserve officers' relief and pension principal fund, the resource
36 management cost account, the rural arterial trust account, the rural
37 mobility grant program account, the rural Washington loan fund, the
38 second injury fund, the sexual assault prevention and response
39 account, the site closure account, the skilled nursing facility
40 safety net trust fund, the small city pavement and sidewalk account,

1 the special category C account, the special wildlife account, the
2 state hazard mitigation revolving loan account, the state investment
3 board expense account, the state investment board commingled trust
4 fund accounts, the state patrol highway account, the state
5 reclamation revolving account, the state route number 520 civil
6 penalties account, the state route number 520 corridor account, the
7 statewide broadband account, the statewide tourism marketing account,
8 the supplemental pension account, the Tacoma Narrows toll bridge
9 account, the teachers' retirement system plan 1 account, the
10 teachers' retirement system combined plan 2 and plan 3 account, the
11 tobacco prevention and control account, the tobacco settlement
12 account, the toll facility bond retirement account, the
13 transportation 2003 account (nickel account), the transportation
14 equipment fund, the JUDY transportation future funding program
15 account, the transportation improvement account, the transportation
16 improvement board bond retirement account, the transportation
17 infrastructure account, the transportation partnership account, the
18 traumatic brain injury account, the tribal opioid prevention and
19 treatment account, the University of Washington bond retirement fund,
20 the University of Washington building account, the voluntary cleanup
21 account, the volunteer firefighters' relief and pension principal
22 fund, the volunteer firefighters' and reserve officers'
23 administrative fund, the vulnerable roadway user education account,
24 the Washington judicial retirement system account, the Washington law
25 enforcement officers' and firefighters' system plan 1 retirement
26 account, the Washington law enforcement officers' and firefighters'
27 system plan 2 retirement account, the Washington public safety
28 employees' plan 2 retirement account, the Washington school
29 employees' retirement system combined plan 2 and 3 account, the
30 Washington state patrol retirement account, the Washington State
31 University building account, the Washington State University bond
32 retirement fund, the water pollution control revolving administration
33 account, the water pollution control revolving fund, the Western
34 Washington University capital projects account, the Yakima integrated
35 plan implementation account, the Yakima integrated plan
36 implementation revenue recovery account, and the Yakima integrated
37 plan implementation taxable bond account. Earnings derived from
38 investing balances of the agricultural permanent fund, the normal
39 school permanent fund, the permanent common school fund, the

1 scientific permanent fund, and the state university permanent fund
2 shall be allocated to their respective beneficiary accounts.

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

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

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

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

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

33 (3) Except for the provisions of RCW 43.84.160, the treasury
34 income account may be utilized for the payment of purchased banking
35 services on behalf of treasury funds including, but not limited to,
36 depository, safekeeping, and disbursement functions for the state
37 treasury and affected state agencies. The treasury income account is
38 subject in all respects to chapter 43.88 RCW, but no appropriation is
39 required for payments to financial institutions. Payments shall occur

1 prior to distribution of earnings set forth in subsection (4) of this
2 section.

3 (4) Monthly, the state treasurer shall distribute the earnings
4 credited to the treasury income account. The state treasurer shall
5 credit the general fund with all the earnings credited to the
6 treasury income account except:

7 (a) The following accounts and funds shall receive their
8 proportionate share of earnings based upon each account's and fund's
9 average daily balance for the period: The abandoned recreational
10 vehicle disposal account, the aeronautics account, the Alaskan Way
11 viaduct replacement project account, the budget stabilization
12 account, the capital vessel replacement account, the capitol building
13 construction account, the Central Washington University capital
14 projects account, the charitable, educational, penal and reformatory
15 institutions account, the Chehalis basin account, the Chehalis basin
16 taxable account, the clean fuels credit account, the clean fuels
17 transportation investment account, the cleanup settlement account,
18 the climate active transportation account, the climate transit
19 programs account, the Columbia river basin water supply development
20 account, the Columbia river basin taxable bond water supply
21 development account, the Columbia river basin water supply revenue
22 recovery account, the common school construction fund, the community
23 forest trust account, the connecting Washington account, the county
24 arterial preservation account, the county criminal justice assistance
25 account, the covenant homeownership account, the deferred
26 compensation administrative account, the deferred compensation
27 principal account, the department of licensing services account, the
28 department of retirement systems expense account, the developmental
29 disabilities community services account, the diesel idle reduction
30 account, the opioid abatement settlement account, the drinking water
31 assistance account, the administrative subaccount of the drinking
32 water assistance account, the early learning facilities development
33 account, the early learning facilities revolving account, the Eastern
34 Washington University capital projects account, the education
35 construction fund, the education legacy trust account, the election
36 account, the electric transmission capital account, the electric
37 vehicle account, the energy freedom account, the energy recovery act
38 account, the essential rail assistance account, The Evergreen State
39 College capital projects account, the fair start for kids account,
40 the family medicine workforce development account, the ferry bond

1 retirement fund, the fish, wildlife, and conservation account, the
2 freight mobility investment account, the freight mobility multimodal
3 account, the grade crossing protective fund, the higher education
4 retirement plan supplemental benefit fund, the Washington student
5 loan account, the highway bond retirement fund, the highway
6 infrastructure account, the highway safety fund, the hospital safety
7 net assessment fund, the Interstate 5 bridge replacement project
8 account, the Interstate 405 and state route number 167 express toll
9 lanes account, the judges' retirement account, the judicial
10 retirement administrative account, the judicial retirement principal
11 account, the limited fish and wildlife account, the local leasehold
12 excise tax account, the local real estate excise tax account, the
13 local sales and use tax account, the marine resources stewardship
14 trust account, the medical aid account, the money-purchase retirement
15 savings administrative account, the money-purchase retirement savings
16 principal account, the motor vehicle fund, the motorcycle safety
17 education account, the move ahead WA account, the move ahead WA
18 flexible account, the multimodal transportation account, the multiuse
19 roadway safety account, the municipal criminal justice assistance
20 account, the oyster reserve land account, the pension funding
21 stabilization account, the perpetual surveillance and maintenance
22 account, the pilotage account, the pollution liability insurance
23 agency underground storage tank revolving account, the public
24 employees' retirement system plan 1 account, the public employees'
25 retirement system combined plan 2 and plan 3 account, the public
26 facilities construction loan revolving account, the public health
27 supplemental account, the public works assistance account, the Puget
28 Sound capital construction account, the Puget Sound ferry operations
29 account, the Puget Sound Gateway facility account, the Puget Sound
30 taxpayer accountability account, the real estate appraiser commission
31 account, the recreational vehicle account, the regional mobility
32 grant program account, the reserve officers' relief and pension
33 principal fund, the resource management cost account, the rural
34 arterial trust account, the rural mobility grant program account, the
35 rural Washington loan fund, the second injury fund, the sexual
36 assault prevention and response account, the site closure account,
37 the skilled nursing facility safety net trust fund, the small city
38 pavement and sidewalk account, the special category C account, the
39 special wildlife account, the state hazard mitigation revolving loan
40 account, the state investment board expense account, the state

1 investment board commingled trust fund accounts, the state patrol
2 highway account, the state reclamation revolving account, the state
3 route number 520 civil penalties account, the state route number 520
4 corridor account, the statewide broadband account, the statewide
5 tourism marketing account, the supplemental pension account, the
6 Tacoma Narrows toll bridge account, the teachers' retirement system
7 plan 1 account, the teachers' retirement system combined plan 2 and
8 plan 3 account, the tobacco prevention and control account, the
9 tobacco settlement account, the toll facility bond retirement
10 account, the transportation 2003 account (nickel account), the
11 transportation equipment fund, the JUDY transportation future funding
12 program account, the transportation improvement account, the
13 transportation improvement board bond retirement account, the
14 transportation infrastructure account, the transportation partnership
15 account, the traumatic brain injury account, the tribal opioid
16 prevention and treatment account, the University of Washington bond
17 retirement fund, the University of Washington building account, the
18 voluntary cleanup account, the volunteer firefighters' relief and
19 pension principal fund, the volunteer firefighters' and reserve
20 officers' administrative fund, the vulnerable roadway user education
21 account, the Washington judicial retirement system account, the
22 Washington law enforcement officers' and firefighters' system plan 1
23 retirement account, the Washington law enforcement officers' and
24 firefighters' system plan 2 retirement account, the Washington public
25 safety employees' plan 2 retirement account, the Washington school
26 employees' retirement system combined plan 2 and 3 account, the
27 Washington state patrol retirement account, the Washington State
28 University building account, the Washington State University bond
29 retirement fund, the water pollution control revolving administration
30 account, the water pollution control revolving fund, the Western
31 Washington University capital projects account, the Yakima integrated
32 plan implementation account, the Yakima integrated plan
33 implementation revenue recovery account, and the Yakima integrated
34 plan implementation taxable bond account. Earnings derived from
35 investing balances of the agricultural permanent fund, the normal
36 school permanent fund, the permanent common school fund, the
37 scientific permanent fund, and the state university permanent fund
38 shall be allocated to their respective beneficiary accounts.

39 (b) Any state agency that has independent authority over accounts
40 or funds not statutorily required to be held in the state treasury

1 that deposits funds into a fund or account in the state treasury
2 pursuant to an agreement with the office of the state treasurer shall
3 receive its proportionate share of earnings based upon each account's
4 or fund's average daily balance for the period.

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

8 NEW SECTION. **Sec. 15.** Section 13 of this act expires July 1,
9 2028.

10 NEW SECTION. **Sec. 16.** Section 14 of this act takes effect July
11 1, 2028.

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

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