
SENATE BILL 5466

State of Washington

69th Legislature

2025 Regular Session

By Senators Shewmake and Slatter

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 new sections to chapter
4 43.21C RCW; adding new sections to chapter 80.28 RCW; adding a new
5 chapter to Title 43 RCW; creating a new section; providing an
6 effective date; and providing an expiration date.

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

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20 transmission system is outdated and lacks the capacity to support the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

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

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

16 (4) Therefore, it is the intent of the legislature to create the
17 Washington electric transmission office to improve transmission
18 capacity, reliability, and efficiency by engaging in long-term
19 planning; providing development services; coordinating siting and
20 permitting; leveraging research; and engaging with utilities,
21 transmission developers, local jurisdictions, state agencies,
22 regional entities, the federal government, and affected communities.
23 The legislature intends for the office to achieve the following
24 goals:

25 (a) Improve reliability and resilience, including during extreme
26 weather events;

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

28 (c) Achieve clean electricity requirements and greenhouse gas
29 emissions limits;

30 (d) Support economic growth; and

31 (e) Maintain affordable energy rates.

32 (5) The legislature intends to initially set up the Washington
33 electric transmission office within the department of commerce in
34 order to leverage existing energy policy expertise and administrative
35 support. However, upon guidance from the office and the electric
36 transmission advisory board, the legislature may decide to separate
37 it from the department and establish it as an independent authority
38 in the future.

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

4 (1) "Advisory board" means the electric transmission advisory
5 board.

6 (2) "Department" means the department of commerce.

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

13 (4) "Office" means the Washington electric transmission office.

14 (5) "Reconductoring with advanced conductors" means replacing the
15 existing electric conductor with a conductor that has a direct
16 current electrical resistance at least 10 percent lower than existing
17 conductors of a similar diameter on the system and may include
18 rebuilding support structures or other associated facilities.

19 NEW SECTION. **Sec. 3.** (1) The Washington electric transmission
20 office is established within the department.

21 (2) The purpose of the office is to:

22 (a) Support the expeditious and efficient expansion of new
23 electric transmission lines within the state that are prudent and
24 needed investments to serve Washington customers;

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

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

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

31 (e) Collaborate with electric utilities, local jurisdictions,
32 regional entities, and the federal government to develop interstate
33 and regional transmission resources;

34 (f) Facilitate access to regional wholesale markets; and

35 (g) Support community and economic development.

36 (3) To the greatest extent practicable, the office shall seek to:

37 (a) Protect cultural and natural resources;

38 (b) Avoid impacts to overburdened communities and vulnerable
39 populations;

- 1 (c) Support good jobs;
- 2 (d) Maximize the use of existing rights-of-way for transmission
- 3 development; and
- 4 (e) Mitigate wildfire risk.
- 5 (4) The director of the department shall appoint a director of
- 6 the office, who may employ staff as necessary to carry out the
- 7 office's duties as prescribed by this act, subject to the
- 8 availability of amounts appropriated for this specific purpose.

9 NEW SECTION. **Sec. 4.** (1) The electric transmission advisory
10 board is created to advise the office on the transmission needs
11 assessment and transmission system enhancement roadmap required under
12 section 5 of this act and other policies that are consistent with the
13 purposes of this chapter.

- 14 (2) The seven members of the advisory board are as follows:
 - 15 (a) The director of the department, or the director's designee;
 - 16 (b) One member appointed by the governor with special knowledge
 - 17 of the public utility industry, as evidenced by a college degree or
 - 18 by experience, at least five years of which must be with the electric
 - 19 utility industry;
 - 20 (c) One member appointed by the governor with knowledge of land
 - 21 use planning and law;
 - 22 (d) One member appointed by the governor with expertise in clean
 - 23 energy development;
 - 24 (e) One member appointed by the governor with expertise in
 - 25 ratepayer protection;
 - 26 (f) One member appointed by the governor representing utility
 - 27 workers with expertise in building electrical transmission; and
 - 28 (g) One member appointed by the governor with experience
 - 29 financing large infrastructure projects.

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

32 (4) Members of the advisory board appointed by the governor shall
33 serve four-year terms. However, the governor must stagger the terms
34 of six of the initial appointees for terms of one, two, and three
35 years. At the end of the term, these members may be reappointed by
36 the governor, or the governor may choose to appoint a new member.

37 (5) Decisions of the advisory board require a simple majority
38 vote of all the members on the board.

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

3 (7) The advisory board must meet at least quarterly.

4 (8) The office must provide staff support to the advisory board.

5 (9) Members of the advisory board must receive reimbursement for
6 travel expenses as provided by RCW 43.03.050 and 43.03.060.

7 NEW SECTION. **Sec. 5.** The office must:

8 (1) Develop a 20-year transmission needs assessment that
9 identifies inefficiencies and deficits in the existing transmission
10 system.

11 (a) The needs assessment must:

12 (i) Identify high-priority corridors that are needed to meet
13 current and forecasted transmission demand, including whether new
14 transmission lines could be built on existing rights-of-way;

15 (ii) Identify investments in existing transmission lines, such as
16 grid-enhancing technologies and reconductoring with advanced
17 conductors, to alleviate the need for new transmission lines;

18 (iii) Identify and evaluate nonwire alternatives that can reduce
19 the need to build new transmission lines, such as demand response,
20 energy storage, and energy efficiency; and

21 (iv) Align with the state energy strategy as defined in RCW
22 43.21F.025.

23 (b) When developing the needs assessment, the office may consult
24 the advisory board about using existing transmission plans developed
25 by regional or federal entities.

26 (c) The office must complete the first needs assessment by June
27 30, 2026, and then complete a needs assessment every five years
28 thereafter;

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

32 (a) The transmission system enhancement roadmap must prioritize
33 actions based on the following criteria:

34 (i) The capacity for the project to cost-effectively help meet
35 Washington's clean electricity targets;

36 (ii) The least cost to ratepayers;

37 (iii) The least impact to natural and cultural resources on
38 tribal lands; and

39 (iv) The least environmental impact.

1 (b) The office must complete the first transmission system
2 enhancement roadmap along with the transmission needs assessment by
3 June 30, 2026, and then update the roadmap every two years
4 thereafter;

5 (3) Provide assistance to local governments and tribal
6 governments that are permitting the construction and operation of
7 electric transmission projects including, but not limited to, easily
8 accessible information on advanced technologies in Washington;

9 (4) 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 October 1, 2026, the
13 office must prepare request legislation to establish bonding
14 authority for the office;

15 (5) Submit a report of the office's activities to the governor
16 and to the appropriate committees of the legislature by December 1,
17 2025, and annually every September 1st thereafter. The report may
18 include legislative recommendations for providing additional
19 authorities the office needs to expand electric grid capacity and
20 reliability.

21 NEW SECTION. **Sec. 6.** The office may:

- 22 (1) Adopt rules as necessary to implement this chapter;
23 (2) Exercise the power of eminent domain as outlined under the
24 provisions of chapter 8.04 RCW only for land acquisition necessary to
25 secure rights-of-way for new transmission corridors;
26 (3) Enter into contracts and agreements;
27 (4) Solicit and receive and expend gifts, grants, and donations;
28 (5) Apply for and accept federal loans;
29 (6) Enter into partnerships with public or private entities;
30 (7) Engage in transmission planning activities with entities
31 within and outside the state of Washington;
32 (8) Lease, purchase, accept donations of, or otherwise own, hold,
33 improve, or use any property;
34 (9) Sell, lease, exchange, or otherwise dispose of any property;
35 (10) Own electric transmission equipment and systems;
36 (11)(a) Select a qualified transmission builder or operator, as
37 defined by the office in rule, to build, finance, plan, acquire,
38 maintain, and operate an electric transmission project;

1 (b) Before developing or operating a project, the office must
2 adopt criteria in rule for when the office may proceed to
3 construction and operator as a builder and operator of last resort if
4 there is not sufficient interest from existing utilities or
5 independent transmission developers in developing infrastructure
6 determined to be necessary to meet the goals of the office under this
7 act; and

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

10 (a) The office may sell a project to a utility serving customers
11 in the state of Washington, a joint operating agency formed under RCW
12 43.52.360, the Bonneville power administration, an independent
13 transmission developer, or an independent system operator.

14 (b) Before selling a project, the office must adopt criteria in
15 rule for developing a transparent process, issuing a competitive
16 request for proposals, evaluating proposals, and selecting a project
17 developer.

18 (c) The office is not required to sell to the highest bidder. The
19 office must adopt criteria in rule to determine when the office would
20 continue developing or operating a project after receiving bids on a
21 request for proposals if it determines, after a thorough internal
22 examination, that it is in the best interest of the public to
23 continue owning the project.

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

31 NEW SECTION. **Sec. 8.** The electric transmission capital account
32 is created in the state treasury. All moneys received for the
33 acquisition, sale, management, and administration of the office's
34 duties under this chapter for electric transmission projects
35 including, but not limited to, proceeds from the sale of land and/or
36 improvements, interest earned on investments in the account, and all
37 other revenue related to electric transmission projects created or
38 acquired pursuant to this chapter must be deposited into the account.

1 The account is authorized to receive fund transfers and
2 appropriations from the general fund, as well as gifts, grants, and
3 endowments from public or private sources as may be made from time to
4 time. Moneys in the account may be spent only after appropriation.
5 Expenditures from the account may be used by the director, or the
6 director's designee, to reimburse management costs incurred by the
7 office on electric transmission projects, for the acquisition of
8 interests in land or other real property to be managed as electric
9 transmission projects, and for all other nonoperating cost purposes
10 consistent with this chapter.

11 NEW SECTION. **Sec. 9.** (1) Except where doing so would reveal
12 critical state transmission assets, all nonfederal providers of
13 transmission in Washington state must provide to the office as much
14 information as the office deems necessary for conducting the
15 transmission needs assessment and transmission system enhancement
16 roadmap outlined in section 5 of this act.

17 (2) The Bonneville power administration is encouraged to provide
18 all necessary information to the office to conduct the transmission
19 needs assessment and transmission system enhancement roadmap outlined
20 in section 5 of this act.

21 (3) Information provided to the office by transmission providers
22 that is determined to be confidential by such transmission providers
23 must be kept confidential by the office, used only in the aggregate
24 for the transmission needs assessment and transmission system
25 enhancement roadmap, and is not subject to disclosure under chapter
26 42.56 RCW.

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

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

31 The following utility-related actions are categorically exempt
32 from compliance with this chapter as long as the actions occur within
33 existing rights-of-way:

34 (1) Upgrading or rebuilding an existing transmission line by
35 reconductoring the line with advanced conductors as defined in
36 section 2 of this act; and

1 (2) Upgrading an existing transmission line with grid-enhancing
2 technologies as defined in section 2 of this act.

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

5 For a project that is categorically exempt under section 10 of
6 this act, the utility must notify the department of archaeology and
7 historic preservation created in chapter 43.334 RCW and each
8 federally recognized Indian tribe with usual and accustomed areas in
9 the area where the right-of-way exists before commencing the project.
10 The purpose of the consultation required under this section is to
11 allow the utility to determine that there are no existing
12 archaeological, cultural, or tribal resources in the right-of-way.
13 The department of archaeology and historic preservation must ensure
14 that consultation with such tribes occurs, and must determine if
15 archaeological, cultural, or tribal resources are identified in an
16 existing right-of-way. If any such resources are identified, the
17 department of archaeology and historic preservation must ensure that
18 the utility accounts for and protects the resources under chapter
19 27.53 RCW.

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

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

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

33 (2) An incentive rate of return on investment under this section
34 may be allowed only if the company chooses to pursue capital
35 investments in grid-enhancing technologies or reconductoring with
36 advanced conductors. In the case of an incentive rate of return on
37 investment allowed under this section, an increment of up to two

1 percent may be added to the rate of return on common equity allowed
2 on the company's other investments.

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

6 (4) The incentive rate of return on investment increment pursuant
7 to this section may be earned only for a period up to the depreciable
8 life of the investment as defined in the depreciation schedules
9 approved by the commission for review.

10 (5) By December 31, 2027, the commission must provide an interim
11 report to the appropriate committees of the legislature with
12 recommendations on policies to encourage increased deployment of
13 electric transmission infrastructure improvements that increase the
14 capacity of existing transmission infrastructure as described in
15 subsection (1) of this section. The commission must consider options
16 to develop and include grid modernization performance metrics in
17 performance-based ratemaking in the interim report.

18 (6) By December 31, 2029, the commission must report to the
19 appropriate committees of the legislature on the use of any
20 incentives allowed under this section, the quantifiable impacts of
21 the incentives on electric transmission deployment, and any
22 recommendations to the legislature about further utility investments
23 in electric transmission.

24 NEW SECTION. **Sec. 13.** A new section is added to chapter 80.28
25 RCW to read as follows:

26 In establishing rates for each electrical company regulated under
27 this title, the commission may allow a rate of return on investments
28 made to upgrade transmission lines owned and operated by the
29 Bonneville power administration where the electrical company has
30 exclusive use to the transmission service provided on such lines.

31 **PART IV - MISCELLANEOUS**

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

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

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

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

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

30 (a) The following accounts and funds shall receive their
31 proportionate share of earnings based upon each account's and fund's
32 average daily balance for the period: The abandoned recreational
33 vehicle disposal account, the aeronautics account, the Alaskan Way
34 viaduct replacement project account, the ambulance transport fund,
35 the budget stabilization account, the capital vessel replacement
36 account, the capitol building construction account, the Central
37 Washington University capital projects account, the charitable,
38 educational, penal and reformatory institutions account, the Chehalis
39 basin account, the Chehalis basin taxable account, the clean fuels
40 credit account, the clean fuels transportation investment account,

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

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

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

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

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

32 **Sec. 15.** RCW 43.84.092 and 2024 c 210 s 5 and 2024 c 168 s 13
33 are each reenacted and amended to read as follows:

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

37 (2) The treasury income account shall be utilized to pay or
38 receive funds associated with federal programs as required by the
39 federal cash management improvement act of 1990. The treasury income

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

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

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

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

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

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

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

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

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

28 NEW SECTION. **Sec. 16.** Section 14 of this act expires July 1,
29 2028.

30 NEW SECTION. **Sec. 17.** Section 15 of this act takes effect July
31 1, 2028.

32 NEW SECTION. **Sec. 18.** Sections 2 through 9 of this act
33 constitute a new chapter in Title 43 RCW.

--- END ---