FINAL BILL REPORT

ESHB 1058

PARTIAL VETO
C 13 L 91 E1

Brief Description: Reorganizing treasurer-managed funds and accounts.

By House Committee on Revenue (originally sponsored by Representatives Wang, Holland and Fraser; by request of State Treasurer and Office of Financial Management).

House Committee on Revenue
Senate Committee on Ways & Means

Background: The treasurer's office manages over 300 funds and accounts, some of which are inactive. The disposition of interest income earned by these funds and accounts varies considerably. The majority of accounts retain 80 percent of their interest earnings and pay 20 percent to the general fund-state. Some of the remaining accounts keep all of their interest earnings, while the rest retain no interest earnings.

Interest earnings from approximately 40 trust and treasury funds are deposited in the State Treasurer's Service Fund to cover administrative expenses of the treasurer's office. Nothing is deducted from the remaining funds and accounts to compensate the treasurer for the expense of managing each fund or account.

Summary: The distribution of interest earnings for the 1991-93 biennium is changed such that interest earnings from the majority of funds and accounts are deposited in the general fund. With two exceptions, the only accounts retaining their interest earnings are those accounts:

1. Subject to a contractual agreement that all revenues in the account are to be spent for a specific purpose;

2. The income of which is derived from trust lands originally granted at statehood;

3. The revenues of which are collected by the state and are subsequently distributed to local governments;

4. The revenues of which are derived from state employee contributions to retirement and workers' compensation programs; and

5. The revenues of which are dedicated to transportation related programs.

Two accounts that retain their interest earnings are the U.W. Self-Insurance Revolving Fund and the American Indian Scholarship Endowment Fund.

A new method for funding administrative expenses is to be established by the state treasurer. The treasurer's office is to determine the percentage of total interest earnings needed to fund its biennial budget appropriation. This percentage is to be deducted from the interest earnings of each fund or account, including funds and accounts exempted from the change described above, and deposited in the State Treasurer's Service Fund to be used for administrative expenses. The percentage may not exceed 1.0 percent of the average daily cash balance of any account or fund. Transportation accounts are exempt from this service charge.

Votes on Final Passage:

House	50	44	
Senate	25	23	(Senate amended)

First Special Session

House	76	13
Senate	25	21

Effective: July 1, 1991 (Sections 1 - 47, 49 - 64, 66 - 108 and 110 - 122; and subsection (1) Section 141)
September 1, 1991 (Sections 48 and 109)
January 1, 1992 (Section 65)
July 1, 1993 (Sections 123 - 139)

Partial Veto Summary: The governor vetoed language limiting the changes made to the disposition of interest income to the 1991-93 biennium.