

HOUSE BILL REPORT

HB 2114

As Amended by the Senate

Title: An act relating to earnings on the balances of certain treasury accounts.

Brief Description: Crediting earnings on balances of certain treasury accounts.

Sponsors: Representative G. Fisher; by request of Office of Financial Management.

Brief History:

Reported by House Committee on:
Revenue, April 13, 1993, DP;
Passed House, April 17, 1993, 53-43;
Amended by Senate.

HOUSE COMMITTEE ON REVENUE

Majority Report: Do pass. Signed by 11 members:
Representatives G. Fisher, Chair; Holm, Vice Chair;
Anderson; Brown; Cothorn; Leonard; Morris; Romero; Rust;
Thibaudeau; and Wang.

Minority Report: Do not pass. Signed by 4 members:
Representatives Foreman, Ranking Minority Member; Fuhrman,
Assistant Ranking Minority Member; Talcott; and Van Luven.

Staff: Rick Peterson (786-7150).

Background: The State Treasurer's Office manages over 300 funds and accounts.

Before 1991, the disposition of interest income earned by these funds and accounts varied considerably. The majority of accounts retained 80 percent of their interest earnings and paid 20 percent to the general fund-state. Some of the remaining accounts kept all of their interest earnings, while the rest retained no interest earnings.

The distribution of interest earnings was changed by legislation in 1991 so that interest earnings from the majority of funds and accounts are deposited in the general fund-state. Generally, the only accounts to retain their interest earnings are those accounts the revenues of which are:

- (a) Required by contract to be spent for a specific purpose;
- (b) Derived from trust lands originally granted at statehood;
- (c) Collected by the state and are then distributed to local governments;
- (d) Derived from state employee contributions to retirement and workers' compensation programs; and
- (e) Related to transportation projects.

This legislation added an estimated \$62 million in revenue to the general fund.

Summary of Bill: All interest earned on the money in the following transportation accounts will accrue to the state general fund rather than 20 percent of interest earnings to the state general fund and 80 percent of interest earnings to the account:

The Central Puget Sound public transportation account, the city hardship assistance account, the county arterial preservation account, the economic development account, the essential rail assistance account, the essential rail banking account, the ferry bond retirement fund, the grade crossing protective fund, the high capacity transportation account, the highway bond retirement fund, the highway construction stabilization account, the highway safety account, the motor vehicle fund, the motorcycle safety education account, the pilotage account, the public transportation systems account, the Puget Sound capital construction account, the Puget Sound ferry operations account, the recreational vehicle account, the rural arterial trust account, the special category C account, the State Patrol highway account, the transfer relief account, the transportation capital facilities account, the transportation equipment fund, the transportation fund, the transportation improvement account, the urban arterial trust account, the advanced right of way revolving fund, the federal narcotics asset forfeitures account, the ferry system account, the ferry system insurance claim reserve account, the ferry system operation and maintenance account, the ferry system revenue account, the ferry system revenue bond account, the high occupancy vehicle account, and the local rail service assistance account.

EFFECT OF SENATE AMENDMENT(S): Eighty percent of the earnings on the motor vehicle fund and the transportation

fund are retained in these funds rather than being transferred to the general fund.

Fiscal Note: Available.

Effective Date: The bill takes effect July 1, 1993.

Testimony For: This bill would make the interest earnings on these accounts consistent with the legislation enacted during the 52nd Legislature (ESHB 1058, chapter 13, Laws of 1991).

Testimony Against: This bill penalizes prudent fund management. There are also constitutional concerns because of the constitutional dedication of the gas tax.

Witnesses: Candace Espeseth, Office of Financial Management (pro); and Helga Morgenstern, Department of Transportation (con).

VOTE ON FINAL PASSAGE:

Yeas 53; Nays 43; Excused 2

Nays: Representatives Ballard, Ballasiotes, Brough, Brumsickle, Campbell, Carlson, Casada, Chandler, Chappell, Cooke, Dorn, Dyer, Edmondson, Eide, Foreman, Forner, Fuhrman, Hansen, Horn, Johanson, Kremen, Lisk, Long, Miller, Morton, Padden, Reams, Roland, Schmidt, Schoesler, Sehlin, Sheahan, Sheldon, Shin, Silver, Springer, Stevens, Talcott, Tate, Thomas, Vance, Van Luven, Wood

Excused: Representatives Leonard, Mielke