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HOUSE BILL 2626

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State of Washington

55th Legislature

1998 Regular Session

By Representatives Cole, H. Sommers, Kenney, O'Brien, Chopp, Keiser, Ogden, Murray, Regala, Gardner and Wolfe; by request of Governor Locke

Read first time 01/16/98. Referred to Committee on Appropriations.

1 AN ACT Relating to the education excellence account; amending RCW  
2 43.84.092; adding a new section to chapter 28A.415 RCW; creating a new  
3 section; providing an effective date; and declaring an emergency.

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

5 NEW SECTION. **Sec. 1.** The legislature finds that the emergency  
6 reserve fund was established to benefit education in the state, both  
7 directly through allocation of excess balances to education  
8 construction, and indirectly by protecting the single largest  
9 beneficiary of state general fund expenditures, which is K-12 schools,  
10 during economic downturns. Therefore, it is the intent of the  
11 legislature to augment the way in which the emergency reserve fund  
12 directly benefits education by dedicating interest earned by the fund  
13 to a newly established account to be used solely for education  
14 enhancements.

15 NEW SECTION. **Sec. 2.** A new section is added to chapter 28A.415  
16 RCW to read as follows:

17 The education excellence account is created in the state treasury.  
18 Beginning June 1, 1998, interest earnings on the balance of the

1 emergency reserve fund under RCW 43.135.045 shall be deposited in the  
2 account. Moneys in the account may be spent only after appropriation.  
3 Expenditures from the account may be used only for activities and  
4 initiatives designed to attract, prepare, and reward excellent  
5 educators or improve student achievement and school performance in the  
6 K-12 education system.

7 **Sec. 3.** RCW 43.84.092 and 1997 c 218 s 5 are each amended to read  
8 as follows:

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

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

27 (3) Except for the provisions of RCW 43.84.160, the treasury income  
28 account may be utilized for the payment of purchased banking services  
29 on behalf of treasury funds including, but not limited to, depository,  
30 safekeeping, and disbursement functions for the state treasury and  
31 affected state agencies. The treasury income account is subject in all  
32 respects to chapter 43.88 RCW, but no appropriation is required for  
33 payments to financial institutions. Payments shall occur prior to  
34 distribution of earnings set forth in subsection (4) of this section.

35 (4) Monthly, the state treasurer shall distribute the earnings  
36 credited to the treasury income account. The state treasurer shall  
37 credit the general fund with all the earnings credited to the treasury  
38 income account except:

1 (a) The following accounts and funds shall receive their  
2 proportionate share of earnings based upon each account's and fund's  
3 average daily balance for the period: The capitol building  
4 construction account, the Cedar River channel construction and  
5 operation account, the Central Washington University capital projects  
6 account, the charitable, educational, penal and reformatory  
7 institutions account, the common school construction fund, the county  
8 criminal justice assistance account, the county sales and use tax  
9 equalization account, the data processing building construction  
10 account, the deferred compensation administrative account, the deferred  
11 compensation principal account, the department of retirement systems  
12 expense account, the drinking water assistance account, the Eastern  
13 Washington University capital projects account, the education  
14 construction fund, the ((~~emergency reserve fund~~)) education excellence  
15 account, the federal forest revolving account, the health services  
16 account, the public health services account, the health system capacity  
17 account, the personal health services account, the highway  
18 infrastructure account, the industrial insurance premium refund  
19 account, the judges' retirement account, the judicial retirement  
20 administrative account, the judicial retirement principal account, the  
21 local leasehold excise tax account, the local real estate excise tax  
22 account, the local sales and use tax account, the medical aid account,  
23 the mobile home park relocation fund, the municipal criminal justice  
24 assistance account, the municipal sales and use tax equalization  
25 account, the natural resources deposit account, the perpetual  
26 surveillance and maintenance account, the public employees' retirement  
27 system plan I account, the public employees' retirement system plan II  
28 account, the Puyallup tribal settlement account, the resource  
29 management cost account, the site closure account, the special wildlife  
30 account, the state employees' insurance account, the state employees'  
31 insurance reserve account, the state investment board expense account,  
32 the state investment board commingled trust fund accounts, the  
33 supplemental pension account, the teachers' retirement system plan I  
34 account, the teachers' retirement system plan II account, the  
35 transportation infrastructure account, the tuition recovery trust fund,  
36 the University of Washington bond retirement fund, the University of  
37 Washington building account, the volunteer fire fighters' relief and  
38 pension principal account, the volunteer fire fighters' relief and  
39 pension administrative account, the Washington judicial retirement

1 system account, the Washington law enforcement officers' and fire  
2 fighters' system plan I retirement account, the Washington law  
3 enforcement officers' and fire fighters' system plan II retirement  
4 account, the Washington state patrol retirement account, the Washington  
5 State University building account, the Washington State University bond  
6 retirement fund, the water pollution control revolving fund, and the  
7 Western Washington University capital projects account. Earnings  
8 derived from investing balances of the agricultural permanent fund, the  
9 normal school permanent fund, the permanent common school fund, the  
10 scientific permanent fund, and the state university permanent fund  
11 shall be allocated to their respective beneficiary accounts. All  
12 earnings to be distributed under this subsection (4)(a) shall first be  
13 reduced by the allocation to the state treasurer's service fund  
14 pursuant to RCW 43.08.190.

15 (b) The following accounts and funds shall receive eighty percent  
16 of their proportionate share of earnings based upon each account's or  
17 fund's average daily balance for the period: The aeronautics account,  
18 the aircraft search and rescue account, the central Puget Sound public  
19 transportation account, the city hardship assistance account, the  
20 county arterial preservation account, the department of licensing  
21 services account, the economic development account, the essential rail  
22 assistance account, the essential rail banking account, the ferry bond  
23 retirement fund, the gasohol exemption holding account, the grade  
24 crossing protective fund, the high capacity transportation account, the  
25 highway bond retirement fund, the highway construction stabilization  
26 account, the highway safety account, the marine operating fund, the  
27 motor vehicle fund, the motorcycle safety education account, the  
28 pilotage account, the public transportation systems account, the Puget  
29 Sound capital construction account, the Puget Sound ferry operations  
30 account, the recreational vehicle account, the rural arterial trust  
31 account, the safety and education account, the small city account, the  
32 special category C account, the state patrol highway account, the  
33 transfer relief account, the transportation capital facilities account,  
34 the transportation equipment fund, the transportation fund, the  
35 transportation improvement account, the transportation revolving loan  
36 account, and the urban arterial trust account.

37 (c) Interest earned on the emergency reserve fund shall be credited  
38 to the education excellence account.

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

4       NEW SECTION.   **Sec. 4.**   This act is necessary for the immediate  
5       preservation of the public peace, health, or safety, or support of the  
6       state government and its existing public institutions, and takes effect  
7       June 1, 1998.

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