
SENATE BILL 5014

State of Washington

55th Legislature

1997 Regular Session

By Senators Sheldon, Loveland, Fairley, Haugen, Goings, Franklin, Hargrove, McAuliffe and Winsley

Read first time 01/13/97. Referred to Committee on Ways & Means.

1 AN ACT Relating to making state property tax reductions using
2 revenues in excess of the state spending limit; amending RCW 43.135.045
3 and 43.84.092; and declaring an emergency.

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

5 **Sec. 1.** RCW 43.135.045 and 1994 c 2 s 3 are each amended to read
6 as follows:

7 (1) The property tax reduction fund and the emergency reserve fund
8 ~~((is))~~ are established in the state treasury. During each fiscal year,
9 the state treasurer shall deposit in the ~~((emergency reserve))~~ property
10 tax reduction fund all general fund--state revenues in excess of the
11 state expenditure limit for that fiscal year. Deposits shall be made
12 at the end of each fiscal quarter based on projections of state
13 revenues and the state expenditure limit.

14 The amount transferred into the property tax reduction fund in any
15 fiscal year may not exceed the amount of tax that would otherwise be
16 levied by the state for the support of the common schools for
17 collection in the second calendar year following the end of the fiscal
18 year, as forecast by the economic and revenue forecast council. All
19 general fund--state revenues for any fiscal year in excess of the

1 amount of tax that would otherwise be levied by the state for the
2 support of the common schools for collection in the second calendar
3 year following the end of the fiscal year, as forecast by the economic
4 and revenue forecast council, shall be deposited into the emergency
5 reserve fund.

6 The budget document submitted to the legislature by the governor
7 under RCW 43.88.030 shall include a transfer to the general fund, for
8 purposes of reducing the state levy for the support of the common
9 schools, of the amounts deposited in the property tax reduction fund
10 for the previous fiscal year. Moneys deposited in the property tax
11 reduction fund during a fiscal year are subject in the next fiscal year
12 to either: (a) Transfer to the general fund for purposes of reducing
13 the state levy for the support of the common schools in the calendar
14 year following the fiscal year in which the transfer is made; or (b)
15 transfer by the legislature to the emergency reserve fund. Any moneys
16 transferred to the general fund for this purpose shall be credited
17 against the levy under RCW 84.52.065 for collection in the calendar
18 year following the fiscal year in which the transfer is made. Any
19 moneys deposited into the property tax reduction fund in any fiscal
20 year that are not transferred by the legislature in the following
21 fiscal year shall be transferred by the state treasurer to the
22 emergency reserve fund under subsection (2) of this section on
23 September 1st of the second fiscal year following the year in which the
24 moneys were deposited into the property tax reduction fund.

25 (2) The legislature may appropriate moneys from the emergency
26 reserve fund only with approval of at least two-thirds of the members
27 of each house of the legislature, and then only if the appropriation
28 does not cause total expenditures to exceed the state expenditure limit
29 under this chapter.

30 (3) The emergency reserve fund balance shall not exceed five
31 percent of biennial general fund--state revenues as projected by the
32 official state revenue forecast. Any balance in excess of five percent
33 shall be transferred on a quarterly basis by the state treasurer to the
34 education construction fund hereby created in the treasury.

35 (4)(a) Funds may be appropriated from the education construction
36 fund exclusively for common school construction or higher education
37 construction.

38 (b) Funds may be appropriated for any other purpose only if
39 approved by a two-thirds vote of each house of the legislature and if

1 approved by a vote of the people at the next general election. An
2 appropriation approved by the people under this subsection shall result
3 in an adjustment to the state expenditure limit only for the fiscal
4 period for which the appropriation is made and shall not affect any
5 subsequent fiscal period.

6 **Sec. 2.** RCW 43.84.092 and 1996 c 262 s 4 are each amended to read
7 as follows:

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

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

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

34 (4) Monthly, the state treasurer shall distribute the earnings
35 credited to the treasury income account. The state treasurer shall
36 credit the general fund with all the earnings credited to the treasury
37 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 Eastern Washington University capital projects
13 account, the education construction fund, the emergency reserve fund,
14 the federal forest revolving account, the health services account, the
15 public health services account, the health system capacity account, the
16 personal health services account, the highway infrastructure account,
17 the industrial insurance premium refund account, the judges' retirement
18 account, the judicial retirement administrative account, the judicial
19 retirement principal account, the local leasehold excise tax account,
20 the local real estate excise tax account, the local sales and use tax
21 account, the medical aid account, the mobile home park relocation fund,
22 the municipal criminal justice assistance account, the municipal sales
23 and use tax equalization account, the natural resources deposit
24 account, the perpetual surveillance and maintenance account, the
25 property tax reduction fund, the public employees' retirement system
26 plan I account, the public employees' retirement system plan II
27 account, the Puyallup tribal settlement account, the resource
28 management cost account, the site closure account, the special wildlife
29 account, the state employees' insurance account, the state employees'
30 insurance reserve account, the state investment board expense account,
31 the state investment board commingled trust fund accounts, the
32 supplemental pension account, the teachers' retirement system plan I
33 account, the teachers' retirement system plan II account, the
34 transportation infrastructure account, the tuition recovery trust fund,
35 the University of Washington bond retirement fund, the University of
36 Washington building account, the volunteer fire fighters' relief and
37 pension principal account, the volunteer fire fighters' relief and
38 pension administrative account, the Washington judicial retirement
39 system account, the Washington law enforcement officers' and fire

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

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

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

1 NEW SECTION. **Sec. 3.** This act is necessary for the immediate
2 preservation of the public peace, health, or safety, or support of the
3 state government and its existing public institutions, and takes effect
4 immediately.

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