
SUBSTITUTE SENATE BILL 6502

State of Washington

55th Legislature

1998 Regular Session

By Senate Committee on Transportation (originally sponsored by Senators Horn, Haugen, Benton, Goings and Wood)

Read first time 02/02/98.

1 AN ACT Relating to obsolete transportation accounts and funds;
2 amending RCW 43.84.092, 47.10.803, 47.56.772, 47.60.150, 47.60.326, and
3 47.60.440; reenacting and amending RCW 46.68.090; creating a new
4 section; repealing RCW 46.68.180, 46.68.190, 46.68.200, and 47.56.775;
5 and providing an effective date.

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

7 NEW SECTION. **Sec. 1.** The legislature finds that a periodic review
8 of the accounts and their uses is necessary. While creating new
9 accounts may facilitate the implementation of legislative intent, the
10 creation of too many accounts limits the effectiveness of performance-
11 based budgeting. Too many accounts also limit the flexibility of the
12 legislature to address emerging and changing issues in addition to
13 creating administrative burdens for the responsible agencies. Accounts
14 created for specific purposes may no longer be valid or needed.
15 Accordingly, this act eliminates accounts that are not in use or are
16 unneeded and consolidates accounts that are similar in nature.

17 **Sec. 2.** RCW 43.84.092 and 1997 c 218 s 5 are each amended to read
18 as follows:

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

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

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

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

31 (a) The following accounts and funds shall receive their
32 proportionate share of earnings based upon each account's and fund's
33 average daily balance for the period: The capitol building
34 construction account, the Cedar River channel construction and
35 operation account, the Central Washington University capital projects
36 account, the charitable, educational, penal and reformatory
37 institutions account, the common school construction fund, the county
38 criminal justice assistance account, the county sales and use tax
39 equalization account, the data processing building construction

1 account, the deferred compensation administrative account, the deferred
2 compensation principal account, the department of retirement systems
3 expense account, the drinking water assistance account, the Eastern
4 Washington University capital projects account, the education
5 construction fund, the emergency reserve fund, the federal forest
6 revolving account, the health services account, the public health
7 services account, the health system capacity account, the personal
8 health services account, the highway infrastructure account, the
9 industrial insurance premium refund account, the judges' retirement
10 account, the judicial retirement administrative account, the judicial
11 retirement principal account, the local leasehold excise tax account,
12 the local real estate excise tax account, the local sales and use tax
13 account, the medical aid account, the mobile home park relocation fund,
14 the municipal criminal justice assistance account, the municipal sales
15 and use tax equalization account, the natural resources deposit
16 account, the perpetual surveillance and maintenance account, the public
17 employees' retirement system plan I account, the public employees'
18 retirement system plan II account, the Puyallup tribal settlement
19 account, the resource management cost account, the site closure
20 account, the special wildlife account, the state employees' insurance
21 account, the state employees' insurance reserve account, the state
22 investment board expense account, the state investment board commingled
23 trust fund accounts, the supplemental pension account, the teachers'
24 retirement system plan I account, the teachers' retirement system plan
25 II account, the transportation infrastructure account, the tuition
26 recovery trust fund, the University of Washington bond retirement fund,
27 the University of Washington building account, the volunteer fire
28 fighters' relief and pension principal account, the volunteer fire
29 fighters' relief and pension administrative account, the Washington
30 judicial retirement system account, the Washington law enforcement
31 officers' and fire fighters' system plan I retirement account, the
32 Washington law enforcement officers' and fire fighters' system plan II
33 retirement account, the Washington state patrol retirement account, the
34 Washington State University building account, the Washington State
35 University bond retirement fund, the water pollution control revolving
36 fund, and the Western Washington University capital projects account.
37 Earnings derived from investing balances of the agricultural permanent
38 fund, the normal school permanent fund, the permanent common school
39 fund, the scientific permanent fund, and the state university permanent

1 fund shall be allocated to their respective beneficiary accounts. All
2 earnings to be distributed under this subsection (4)(a) shall first be
3 reduced by the allocation to the state treasurer's service fund
4 pursuant to RCW 43.08.190.

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

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

31 **Sec. 3.** RCW 46.68.090 and 1994 c 225 s 2 and 1994 c 179 s 3 are
32 each reenacted and amended to read as follows:

33 (1) All moneys that have accrued or may accrue to the motor vehicle
34 fund from the motor vehicle fuel tax and special fuel tax shall be
35 first expended for the following purposes:

36 (a) For payment of refunds of motor vehicle fuel tax and special
37 fuel tax that has been paid and is refundable as provided by law;

1 (b) For payment of amounts to be expended pursuant to
2 appropriations for the administrative expenses of the offices of state
3 treasurer, state auditor, and the department of licensing of the state
4 of Washington in the administration of the motor vehicle fuel tax and
5 the special fuel tax, which sums shall be distributed monthly;

6 ~~(c) ((From April 1, 1992, through March 31, 1996, for distribution
7 to the transfer relief account, hereby created in the motor vehicle
8 fund, an amount not to exceed three hundred twenty five one thousandths
9 of one percent;~~

10 ~~(d))~~ For distribution to the rural arterial trust account in the
11 motor vehicle fund, an amount as provided in RCW 82.36.025(2) and
12 46.68.095(3);

13 ~~((e))~~ (d) For distribution to the urban arterial trust account in
14 the motor vehicle fund, an amount as provided in RCW 46.68.100(4) and
15 82.36.025(3);

16 ~~((f))~~ (e) For distribution to the transportation improvement
17 account in the motor vehicle fund, an amount as provided in RCW
18 46.68.095(1);

19 ~~((g))~~ (f) For distribution to the special category C account,
20 hereby created in the motor vehicle fund, an amount as provided in RCW
21 46.68.095(2);

22 ~~((h))~~ (g) For distribution to the county arterial preservation
23 account, hereby created in the motor vehicle fund, an amount as
24 provided in RCW 46.68.095(4);

25 ~~((i))~~ (h) For distribution to the motor vehicle fund to be
26 allocated to cities and towns as provided in RCW 46.68.110, an amount
27 as provided in RCW 46.68.095(5);

28 ~~((j))~~ (i) For distribution to the motor vehicle fund to be
29 allocated to counties as provided in RCW 46.68.120, an amount as
30 provided in RCW 46.68.095(6);

31 ~~((k))~~ (j) For expenditure for highway purposes of the state as
32 defined in RCW 46.68.130, an amount as provided in RCW 82.36.025(4) and
33 46.68.095(7);

34 ~~((l) From July 1, 1994, through June 30, 1995, for distribution to
35 the gasohol exemption holding account, hereby created in the motor
36 vehicle fund, an amount equal to five and thirty four one hundredths of
37 one percent of the amount available prior to distributions provided
38 under (a) through (k) of this subsection, to be used only for highway
39 construction;~~

1 ~~(m)~~) (k) For distribution to the small city account, hereby
2 created in the motor vehicle fund, an amount as provided for in RCW
3 46.68.095(1), 46.68.100(9), and 82.36.025(3).

4 (2) The amount accruing to the motor vehicle fund by virtue of the
5 motor vehicle fuel tax and the special fuel tax and remaining after
6 payments, distributions, and expenditures as provided in this section
7 shall, for the purposes of this chapter, be referred to as the "net tax
8 amount."

9 **Sec. 4.** RCW 47.10.803 and 1986 c 290 s 2 are each amended to read
10 as follows:

11 The proceeds from the sale of the bonds authorized by RCW
12 47.10.801(1) (~~((a) and (b))~~) shall be deposited in the motor vehicle
13 fund. (~~((The proceeds from the sale of the bonds authorized by RCW
14 47.10.801(1)(c) shall be deposited in the economic development account
15 of the motor vehicle fund, hereby created.))~~) All such proceeds shall
16 be available only for the purposes enumerated in RCW 47.10.801, for the
17 payment of bond anticipation notes, if any, and for the payment of the
18 expense incurred in the drafting, printing, issuance, and sale of such
19 bonds. The costs of obtaining insurance, letters of credit, or other
20 credit enhancement devices with respect to the bonds shall be
21 considered to be expenses incurred in the issuance and sale of the
22 bonds.

23 **Sec. 5.** RCW 47.56.772 and 1993 c 4 s 4 are each amended to read as
24 follows:

25 Upon the issuance of refunding bonds as authorized by RCW
26 47.56.770, the department of transportation may liquidate the existing
27 bond fund and other funds and accounts established in the proceedings
28 which authorized the issuance of the outstanding toll bridge authority,
29 ferry, and Hood Canal bridge refunding revenue bonds and apply the
30 money contained in those funds and accounts to the defeasance and
31 redemption of outstanding toll bridge authority, ferry, and Hood Canal
32 refunding revenue bonds, except that prior to such bond redemption,
33 money sufficient to pay the first interest installment on the refunding
34 bonds shall be deposited in the ferry bond retirement fund. Money
35 remaining in such funds not used for such bond defeasance and
36 redemption or first interest installment on the refunding bonds shall
37 be transferred to and deposited in the (~~marine operating fund under~~

1 ~~RCW 47.56.775~~) Puget Sound ferry operations account created under RCW
2 47.60.530.

3 **Sec. 6.** RCW 47.60.150 and 1990 c 42 s 405 are each amended to read
4 as follows:

5 Subject to the provisions of RCW 47.60.326, the schedule of charges
6 for the services and facilities of the system shall be fixed and
7 revised from time to time by the commission so that the tolls and other
8 revenues (~~collected together with any moneys~~) deposited in the Puget
9 Sound ferry operations account (~~transferred to the ferry system~~
10 ~~revolving account~~) for maintenance and operation, and all moneys in
11 the Puget Sound capital construction account available for debt service
12 will yield annual revenue and income sufficient, after allowance for
13 all operating, maintenance, and repair expenses to pay the interest and
14 principal and sinking fund charges for all outstanding revenue bonds,
15 and to create and maintain a fund for ordinary renewals and
16 replacements: PROVIDED, That if provision is made by any resolution
17 for the issuance of revenue bonds for the creation and maintenance of
18 a special fund for rehabilitating, rebuilding, enlarging, or improving
19 all or any part of the ferry system then such schedule of tolls and
20 rates of charges shall be fixed and revised so that the revenue and
21 income will also be sufficient to comply with such provision.

22 All income and revenues as collected shall be paid to the state
23 treasurer for the account of the department (~~as a separate trust fund~~
24 ~~and to be segregated and disbursed upon order of the department:~~
25 ~~PROVIDED, That the fund so segregated and set apart for the payment of~~
26 ~~the revenue bonds may be remitted to and held by a designated trustee~~
27 ~~in such manner and with such collateral as may be provided in the~~
28 ~~resolution authorizing the issuance of said bonds. No expenditure may~~
29 ~~be made from the revenue fund established under this section and the~~
30 ~~bond resolution without an appropriation by law~~) and deposited into
31 the Puget Sound ferry operations account. Nothing in this section
32 requires tolls on the Hood Canal bridge except as may be required by
33 any bond covenants.

34 **Sec. 7.** RCW 47.60.326 and 1990 c 42 s 406 are each amended to read
35 as follows:

36 (1) In order to maintain an adequate, fair, and economically sound
37 schedule of charges for the transportation of passengers, vehicles, and

1 commodities on the Washington state ferries, the department of
2 transportation each year shall conduct a full review of such charges.

3 (2) Prior to February 1st of each odd-numbered year the department
4 shall transmit to the transportation commission a report of its review
5 together with its recommendations for the revision of a schedule of
6 charges for the ensuing biennium. The commission on or before July 1st
7 of that year shall adopt as a rule, in the manner provided by the
8 Washington administrative procedure act, a schedule of charges for the
9 Washington state ferries for the ensuing biennium commencing July 1st.
10 The schedule may initially be adopted as an emergency rule if necessary
11 to take effect on, or as near as possible to, July 1st.

12 (3) The department in making its review and formulating
13 recommendations and the commission in adopting a schedule of charges
14 may consider any of the following factors:

15 (a) The amount of subsidy available to the ferry system for
16 maintenance and operation;

17 (b) The time and distance of ferry runs;

18 (c) The maintenance and operation costs for ferry runs with a
19 proper adjustment for higher costs of operating outmoded or less
20 efficient equipment;

21 (d) The efficient distribution of traffic between cross-sound
22 routes;

23 (e) The desirability of reasonable commutation rates for persons
24 using the ferry system to commute daily to work;

25 (f) The effect of proposed fares in increasing walk-on and
26 vehicular passenger use;

27 (g) The effect of proposed fares in promoting all types of ferry
28 use during nonpeak periods;

29 (h) Such other factors as prudent managers of a major ferry system
30 would consider.

31 (4) If at any time during the biennium it appears that projected
32 ~~((toll))~~ revenues from the ~~((ferry system, together with the transfer~~
33 ~~from the))~~ Puget Sound ferry operations account ~~((to the ferry system~~
34 ~~revolving account))~~ and any other operating subsidy available to the
35 Washington state ferries~~((,))~~ will be less than the projected total
36 cost of maintenance and operation of the Washington state ferries for
37 the biennium, the department shall forthwith undertake a review of its
38 schedule of charges to ascertain whether or not the schedule of charges
39 should be revised. The department shall, upon completion of its review

1 report, submit its recommendation to the transportation commission
2 which may in its sound discretion revise the schedule of charges as
3 required to meet necessary maintenance and operation expenditures of
4 the ferry system for the biennium or may defer action until the regular
5 annual review and revision of ferry charges as provided in subsection
6 (2) of this section.

7 (5) The provisions of RCW 47.60.330 relating to public
8 participation shall apply to the process of revising ferry tolls under
9 this section.

10 **Sec. 8.** RCW 47.60.440 and 1990 c 42 s 408 are each amended to read
11 as follows:

12 The Washington state ferry system shall be efficiently managed,
13 operated, and maintained as a revenue-producing undertaking. Subject
14 to the provisions of RCW 47.60.326 the commission shall maintain and
15 revise from time to time as necessary a schedule of tolls and charges
16 on said ferry system (~~((and, if necessary to comply with bond covenants,~~
17 ~~on the Hood Canal bridge which together))~~) with ((any)) other moneys
18 deposited in the Puget Sound ferry operations account (~~((transferred to~~
19 ~~the ferry system revolving account))~~) for maintenance and operation and
20 all moneys in the Puget Sound capital construction account available
21 for debt service will produce net revenue available for debt service,
22 in each fiscal year, in an amount at least equal to minimum annual debt
23 service requirements as hereinafter provided. Minimum annual debt
24 service requirements as used in this section shall include required
25 payments of principal and interest, sinking fund requirements, and
26 payments into reserves on all outstanding revenue bonds authorized by
27 RCW 47.60.400 through 47.60.470.

28 The provisions of law relating to the revision of tolls and charges
29 to meet minimum annual debt service requirements from net revenues as
30 required by this section shall be binding upon the commission but shall
31 not be deemed to constitute a contract to that effect for the benefit
32 of the holders of such bonds.

33 NEW SECTION. **Sec. 9.** The following acts or parts of acts are each
34 repealed:

- 35 (1) RCW 46.68.180 and 1985 c 140 s 1;
36 (2) RCW 46.68.190 and 1985 c 140 s 2;
37 (3) RCW 46.68.200 and 1985 c 140 s 3; and

1 (4) RCW 47.56.775 and 1993 c 4 s 7.

2 NEW SECTION. **Sec. 10.** This act takes effect July 1, 1999.

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