
HOUSE BILL 1588

State of Washington**56th Legislature****1999 Regular Session**

By Representatives Mitchell, Fisher, Hankins, Ericksen, Skinner, Radcliff, Cooper, K. Schmidt and Ogden; by request of Legislative Transportation Committee

Read first time 01/29/1999. Referred to Committee on Transportation.

1 AN ACT Relating to obsolete transportation accounts and funds;
2 amending RCW 43.84.092, 43.84.092, 43.160.010, 46.68.095, 46.68.100,
3 46.68.110, 47.01.280, 47.02.130, 47.02.150, 47.10.801, 47.10.803,
4 47.12.125, 47.26.080, 47.26.084, 47.26.140, 47.26.425, 47.26.4252,
5 47.26.4254, 47.26.505, 47.56.772, 47.60.150, 47.60.326, 47.60.440,
6 82.36.025, 82.44.150, and 82.44.180; reenacting and amending RCW
7 46.68.090; creating a new section; repealing RCW 46.68.180, 46.68.190,
8 46.68.200, 47.02.180, 47.13.010, 47.13.020, 47.13.030, 47.13.040,
9 47.13.900, and 47.56.775; providing effective dates; providing an
10 expiration date; and declaring an emergency.

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

12 NEW SECTION. **Sec. 1.** The legislature finds that a periodic review
13 of the accounts and their uses is necessary. While creating new
14 accounts may facilitate the implementation of legislative intent, the
15 creation of too many accounts limits the effectiveness of performance-
16 based budgeting. Too many accounts also limit the flexibility of the
17 legislature to address emerging and changing issues in addition to
18 creating administrative burdens for the responsible agencies. Accounts
19 created for specific purposes may no longer be valid or needed.

1 Accordingly, this act eliminates accounts that are not in use or are
2 unneeded and consolidates accounts that are similar in nature.

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

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

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

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

31 (4) Monthly, the state treasurer shall distribute the earnings
32 credited to the treasury income account. The state treasurer shall
33 credit the general fund with all the earnings credited to the treasury
34 income account except:

35 (a) The following accounts and funds shall receive their
36 proportionate share of earnings based upon each account's and fund's
37 average daily balance for the period: The capitol building
38 construction account, the Cedar River channel construction and

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

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

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

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

36 **Sec. 3.** RCW 43.84.092 and 1998 c 341 s 708 are each amended to
37 read 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
25 combined plan II and plan III account, the transportation
26 infrastructure account, the tuition recovery trust fund, the University
27 of Washington bond retirement fund, the University of Washington
28 building account, the volunteer fire fighters' relief and pension
29 principal account, the volunteer fire fighters' relief and pension
30 administrative account, the Washington judicial retirement system
31 account, the Washington law enforcement officers' and fire fighters'
32 system plan I retirement account, the Washington law enforcement
33 officers' and fire fighters' system plan II retirement account, the
34 Washington school employees' retirement system combined plan II and III
35 account, the Washington state patrol retirement account, the Washington
36 State University building account, the Washington State University bond
37 retirement fund, the water pollution control revolving fund, and the
38 Western Washington University capital projects account. Earnings
39 derived from investing balances of the agricultural permanent fund, the

1 normal school permanent fund, the permanent common school fund, the
2 scientific permanent fund, and the state university permanent fund
3 shall be allocated to their respective beneficiary accounts. All
4 earnings to be distributed under this subsection (4)(a) shall first be
5 reduced by the allocation to the state treasurer's service fund
6 pursuant to RCW 43.08.190.

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

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

33 **Sec. 4.** RCW 43.160.010 and 1996 c 51 s 1 are each amended to read
34 as follows:

35 (1) The legislature finds that it is the public policy of the state
36 of Washington to direct financial resources toward the fostering of
37 economic development through the stimulation of investment and job
38 opportunities and the retention of sustainable existing employment for

1 the general welfare of the inhabitants of the state. Reducing
2 unemployment and reducing the time citizens remain jobless is important
3 for the economic welfare of the state. A valuable means of fostering
4 economic development is the construction of public facilities which
5 contribute to the stability and growth of the state's economic base.
6 Strengthening the economic base through issuance of industrial
7 development bonds, whether single or umbrella, further serves to reduce
8 unemployment. Consolidating issues of industrial development bonds
9 when feasible to reduce costs additionally advances the state's purpose
10 to improve economic vitality. Expenditures made for these purposes as
11 authorized in this chapter are declared to be in the public interest,
12 and constitute a proper use of public funds. A community economic
13 revitalization board is needed which shall aid the development of
14 economic opportunities. The general objectives of the board should
15 include:

16 (a) Strengthening the economies of areas of the state which have
17 experienced or are expected to experience chronically high unemployment
18 rates or below average growth in their economies;

19 (b) Encouraging the diversification of the economies of the state
20 and regions within the state in order to provide greater seasonal and
21 cyclical stability of income and employment;

22 (c) Encouraging wider access to financial resources for both large
23 and small industrial development projects;

24 (d) Encouraging new economic development or expansions to maximize
25 employment;

26 (e) Encouraging the retention of viable existing firms and
27 employment; and

28 (f) Providing incentives for expansion of employment opportunities
29 for groups of state residents that have been less successful relative
30 to other groups in efforts to gain permanent employment.

31 (2) The legislature also finds that the state's economic
32 development efforts can be enhanced by, in certain instances, providing
33 funds to improve state highways in the vicinity of new industries
34 considering locating in this state or existing industries that are
35 considering significant expansion.

36 (a) The legislature finds it desirable to provide a process whereby
37 the need for diverse public works improvements necessitated by planned
38 economic development can be addressed in a timely fashion and with
39 coordination among all responsible governmental entities.

1 (b) (~~It is the intent of the legislature to create an economic~~
2 ~~development account within the motor vehicle fund from which~~
3 ~~expenditures can be made by the department of transportation for state~~
4 ~~highway improvements necessitated by planned economic development.~~)
5 All (~~such~~) transportation improvements on state highways must first
6 be approved by the state transportation commission and the community
7 economic revitalization board in accordance with the procedures
8 established by RCW 43.160.074 and 47.01.280. (~~It is further the~~
9 ~~intent of the legislature that such improvements not jeopardize any~~
10 ~~other planned highway construction projects. The improvements are~~
11 ~~intended to be of limited size and cost, and to include such items as~~
12 ~~additional turn lanes, signalization, illumination, and safety~~
13 ~~improvements.~~)

14 (3) The legislature also finds that the state's economic
15 development efforts can be enhanced by providing funds to improve
16 markets for those recyclable materials representing a large fraction of
17 the waste stream. The legislature finds that public facilities which
18 result in private construction of processing or remanufacturing
19 facilities for recyclable materials are eligible for consideration from
20 the board.

21 (4) The legislature finds that sharing economic growth state-wide
22 is important to the welfare of the state. Rural natural resource
23 impact areas do not share in the economic vitality of the Puget Sound
24 region. Infrastructure is one of several ingredients that are critical
25 for economic development. Rural natural resource impact areas
26 generally lack the infrastructure necessary to diversify and revitalize
27 their economies. It is, therefore, the intent of the legislature to
28 increase the availability of funds to help provide infrastructure to
29 rural natural resource impact areas.

30 **Sec. 5.** RCW 46.68.090 and 1994 c 225 s 2 and 1994 c 179 s 3 are
31 each reenacted and amended to read as follows:

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

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

37 (b) For payment of amounts to be expended pursuant to
38 appropriations for the administrative expenses of the offices of state

1 treasurer, state auditor, and the department of licensing of the state
2 of Washington in the administration of the motor vehicle fuel tax and
3 the special fuel tax, which sums shall be distributed monthly;

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

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

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

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

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

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

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

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

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

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

1 ~~(m) For distribution to the small city account, hereby created in~~
2 ~~the motor vehicle fund, an amount as provided for in RCW 46.68.095(1),~~
3 ~~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. 6.** RCW 46.68.095 and 1994 c 179 s 4 are each amended to read
10 as follows:

11 All moneys that have accrued or may accrue to the motor vehicle
12 fund from the motor vehicle fuel tax and special fuel tax imposed by
13 RCW 82.36.025(5) shall be distributed monthly by the state treasurer in
14 the following proportions:

15 (1) ~~((Through June 30, 1995, one and one-half cents shall be~~
16 ~~deposited in the transportation improvement account and expended in~~
17 ~~accordance with RCW 47.26.084. After June 30, 1995,))~~ Eighty-seven
18 percent of one and one-half cents shall be deposited in the
19 transportation improvement account ~~((and expended in accordance with~~
20 ~~RCW 47.26.086))~~ and thirteen percent of one and one-half cents shall be
21 deposited in the ~~((small city))~~ urban arterial trust account and
22 expended in accordance with RCW ~~((47.26.115))~~ 47.26.080.

23 (2) From April 1, 1991, seventy-five one-hundredths of one cent
24 shall be deposited in the special category C account in the motor
25 vehicle fund for special category C projects. Special category C
26 projects are category C projects as defined in RCW 47.05.030(3) that,
27 due to high cost only, will require bond financing to complete
28 construction.

29 The following criteria, listed in order of priority, shall be used
30 in determining which special category C projects have the highest
31 priority:

32 (a) Accident experience; and

33 (b) Fatal accident experience; and

34 (c) Capacity to move people and goods safely and at reasonable
35 speeds without undue congestion; and

36 (d) Continuity of development of the highway transportation
37 network.

1 Moneys deposited in the special category C account in the motor
2 vehicle fund may be used for payment of debt service on bonds the
3 proceeds of which are used to finance special category C projects under
4 this subsection.

5 (3) Twenty-five one-hundredths of one cent shall be deposited in
6 the rural arterial trust account in the motor vehicle fund.

7 (4) Forty-five one-hundredths of one cent shall be deposited in the
8 county arterial preservation account. These funds shall be distributed
9 by the county road administration board to counties in proportions
10 corresponding to the number of paved arterial lane miles in the
11 unincorporated area of each county and shall be used for improvements
12 to sustain the structural, safety, and operational integrity of county
13 arterials. The county road administration board shall adopt reasonable
14 rules and develop policies to implement this program and to assure that
15 a pavement management system is used.

16 (5) One-half of one cent shall be allocated to cities and towns as
17 provided in RCW 46.68.110.

18 (6) From April 1, 1990, through March 31, 1991, thirty one-
19 hundredths of one cent and after March 31, 1991, fifty-five one-
20 hundredths of one cent shall be allocated to counties as provided in
21 RCW 46.68.120.

22 (7) One cent shall be deposited in the motor vehicle fund and shall
23 be expended for highway purposes of the state as defined in RCW
24 46.68.130.

25 **Sec. 7.** RCW 46.68.100 and 1994 c 179 s 5 are each amended to read
26 as follows:

27 From the net tax amount in the motor vehicle fund there shall be
28 paid monthly as funds accrue the following sums:

29 (1) To the cities and towns, to be distributed as provided by RCW
30 46.68.110, sums equal to six and ninety-two hundredths percent of the
31 net tax amount;

32 (2) To the cities and towns, to be expended as provided by RCW
33 46.68.115, sums equal to four and sixty-one hundredths percent of the
34 net tax amount;

35 (3) To the counties, sums equal to twenty-two and seventy-eight
36 hundredths percent of the net tax amount (a) out of which there shall
37 be distributed from time to time, as directed by the department of
38 transportation, those sums as may be necessary to carry out the

1 provisions of RCW 47.56.725, and (b) less any amounts appropriated to
2 the county road administration board to implement the provisions of RCW
3 47.56.725(4), with the balance of such county share to be distributed
4 monthly as the same accrues for distribution in accordance with RCW
5 46.68.120;

6 (4) To the urban arterial trust account in the motor vehicle fund,
7 (~~((a) through June 30, 1995,~~) sums equal to seven and twelve
8 hundredths percent of the net tax amount(~~(, (b) and after June 30,~~
9 ~~1995, ninety-five percent of seven and twelve hundredths percent of the~~
10 ~~net tax amount))~~);

11 (5) To the state, to be expended as provided by RCW 46.68.130, sums
12 equal to forty-five and twenty-six hundredths percent of the net tax
13 amount;

14 (6) To the state, to be expended as provided by RCW 46.68.150 as
15 now or hereafter amended, sums equal to six and ninety-five hundredths
16 percent of the net tax amount;

17 (7) To the Puget Sound capital construction account in the motor
18 vehicle fund sums equal to three and twenty-one hundredths percent of
19 the net tax amount;

20 (8) To the Puget Sound ferry operations account in the motor
21 vehicle fund sums equal to three and fifteen hundredths percent of the
22 net tax amount(~~(~~

23 ~~(9) After June 30, 1995, to the small city account in the motor~~
24 ~~vehicle fund, sums equal to five percent of seven and twelve hundredths~~
25 ~~percent of the net tax amount))~~.

26 Nothing in this section or in RCW 46.68.090 or 46.68.130 may be
27 construed so as to violate any terms or conditions contained in any
28 highway construction bond issues now or hereafter authorized by statute
29 and whose payment is by such statute pledged to be paid from any excise
30 taxes on motor and special vehicle fuels.

31 **Sec. 8.** RCW 46.68.110 and 1996 c 94 s 1 are each amended to read
32 as follows:

33 Funds credited to the incorporated cities and towns of the state as
34 set forth in RCW 46.68.100(1) shall be subject to deduction and
35 distribution as follows:

36 (1) One and one-half percent of such sums shall be deducted monthly
37 as such sums are credited and set aside for the use of the department
38 of transportation for the supervision of work and expenditures of such

1 incorporated cities and towns on the city and town streets thereof,
2 including the supervision and administration of federal-aid programs
3 for which the department of transportation has responsibility:
4 PROVIDED, That any moneys so retained and not expended shall be
5 credited in the succeeding biennium to the incorporated cities and
6 towns in proportion to deductions herein made;

7 (2) Thirty-three one-hundredths of one percent of such funds shall
8 be deducted monthly, as such funds accrue, and set aside for the use of
9 the department of transportation for the purpose of funding the cities'
10 share of the costs of highway jurisdiction studies and other studies.
11 Any funds so retained and not expended shall be credited in the
12 succeeding biennium to the cities in proportion to the deductions made;

13 (3) One percent of such funds shall be deducted monthly, as such
14 funds accrue, to be deposited in the (~~city hardship assistance~~) urban
15 arterial trust account(~~(, hereby created)~~) in the motor vehicle fund,
16 to implement the city hardship assistance program, as provided in RCW
17 47.26.164. However, any moneys so retained and not required to carry
18 out the program as of July 1, 1996, and July 1st of each odd-numbered
19 year thereafter, shall be provided within sixty days to the treasurer
20 and distributed in the manner prescribed in subsection (4) of this
21 section;

22 (4) The balance remaining to the credit of incorporated cities and
23 towns after such deduction shall be apportioned monthly as such funds
24 accrue among the several cities and towns within the state ratably on
25 the basis of the population last determined by the office of financial
26 management.

27 **Sec. 9.** RCW 47.01.280 and 1985 c 433 s 6 are each amended to read
28 as follows:

29 (1) Upon receiving an application for improvements to an existing
30 state highway or highways pursuant to RCW 43.160.074 from the community
31 economic revitalization board, the transportation commission shall, in
32 a timely manner, determine whether or not the proposed state highway
33 improvements:

34 (a) Meet the safety and design criteria of the department of
35 transportation;

36 (b) Will impair the operational integrity of the existing highway
37 system;

1 (c) Will affect any other improvements planned by the department;
2 and

3 (d) Will be consistent with its policies developed pursuant to RCW
4 47.01.071.

5 (2) Upon completion of its determination of the factors contained
6 in subsection (1) of this section and any other factors it deems
7 pertinent, the transportation commission shall forward its approval, as
8 submitted or amended or disapproval of the proposed improvements to the
9 board, along with any recommendation it may wish to make concerning the
10 desirability and feasibility of the proposed development. If the
11 transportation commission disapproves any proposed improvements, it
12 shall specify its reasons for disapproval.

13 (3) Upon notification from the board of an application's approval
14 pursuant to RCW 43.160.074, the transportation commission shall direct
15 the department of transportation to carry out the improvements in
16 coordination with the applicant.

17 (4) The transportation commission shall notify the legislative
18 transportation committee of all state highway improvements to be
19 carried out pursuant to RCW 43.160.074 and this section.

20 ~~((5) All state highway improvements that are approved pursuant to
21 RCW 43.160.074 and this section shall be charged to the economic
22 development account of the motor vehicle fund created by RCW
23 47.10.803.))~~

24 **Sec. 10.** RCW 47.02.130 and 1990 c 293 s 2 are each amended to read
25 as follows:

26 Authorized uses of proceeds from the sale of bonds authorized in
27 RCW 47.02.120 through 47.02.190 include but are not limited to
28 repayment to the motor vehicle fund ~~((for the loan from the motor
29 vehicle fund to the transportation capital facilities account in the
30 motor vehicle fund provided in the supplemental transportation budget))~~
31 for the initial financing of the headquarters facilities.

32 **Sec. 11.** RCW 47.02.150 and 1990 c 293 s 4 are each amended to read
33 as follows:

34 The proceeds from the sale of bonds authorized by RCW 47.02.120
35 through 47.02.190 shall be available only for the purposes enumerated
36 in RCW 47.02.120 and 47.02.130; for the payment of bond anticipation
37 notes, if any; and for the payment of bond issuance costs, including

1 the costs of underwriting. Proceeds (~~required to repay the motor~~
2 ~~vehicle fund loan~~) shall be deposited in the motor vehicle fund (~~and~~
3 ~~remaining proceeds shall be deposited in the transportation capital~~
4 ~~facilities account~~)).

5 **Sec. 12.** RCW 47.10.801 and 1994 c 173 s 1 are each amended to read
6 as follows:

7 (1) In order to provide funds necessary for the location, design,
8 right of way, and construction of selected interstate and other state
9 highway improvements, there shall be issued and sold, subject to
10 subsections (2), (3), and (4) of this section, upon the request of the
11 Washington state transportation commission a total of four hundred
12 sixty million dollars of general obligation bonds of the state of
13 Washington for the following purposes and specified sums:

14 (a) Not to exceed two hundred twenty-five million dollars to pay
15 the state's share of costs for federal-aid interstate highway
16 improvements and until December 31, 1989, to temporarily pay the
17 regular federal share of construction of federal-aid interstate highway
18 improvements to complete state routes 82, 90, 182, and 705 in advance
19 of federal-aid apportionments under the provisions of 23 U.S.C. Secs.
20 115 or 122: PROVIDED, That the total amount of bonds issued to
21 temporarily pay the regular federal share of construction of federal-
22 aid interstate highways in advance of federal-aid apportionments as
23 authorized by this section and RCW 47.10.790 shall not exceed one
24 hundred twenty million dollars: PROVIDED FURTHER, That the
25 transportation commission shall consult with the legislative
26 transportation committee prior to the adoption of plans for the
27 obligation of federal-aid apportionments received in federal fiscal
28 year 1985 and subsequent years to pay the regular federal share of
29 federal-aid interstate highway construction projects or to convert such
30 apportionments under the provisions of 23 U.S.C. Secs. 115 or 122;

31 (b) Two hundred twenty-five million dollars for major
32 transportation improvements throughout the state that are identified as
33 category C improvements and for selected major non-interstate
34 construction and reconstruction projects that are included as Category
35 A Improvements in RCW 47.05.030;

36 (c) Ten million dollars for state highway improvements necessitated
37 by planned economic development, as determined through the procedures
38 set forth in RCW 43.160.074 and 47.01.280.

1 (2) The amount of bonds authorized in subsection (1)(a) of this
2 section shall be reduced if the transportation commission, in
3 consultation with the legislative transportation committee, determines
4 that any of the bonds that have not been sold are no longer required.

5 (3) The amount of bonds authorized in subsection (1)(b) of this
6 section shall be increased by an amount not to exceed, and concurrent
7 with, any reduction of bonds authorized under subsection (1)(a) of this
8 section in the manner prescribed in subsection (2) of this section.

9 (4) The transportation commission may decrease the amount of bonds
10 authorized in subsection (1)(c) of this section and increase the amount
11 of bonds authorized in subsection (1)(a) or (b) of this section, or
12 both by an amount equal to the decrease in subsection (1)(c) of this
13 section. The transportation commission may decrease the amount of
14 bonds authorized in subsection (1)(c) of this section only if the
15 legislature appropriates (~~(a transfer of)~~) an equal amount of funds
16 from the motor vehicle fund - basic account (~~(to the economic~~
17 ~~development account under RCW 47.10.803)~~) for the purposes enumerated
18 in subsection (1)(c) of this section.

19 **Sec. 13.** RCW 47.10.803 and 1986 c 290 s 2 are each amended to read
20 as follows:

21 The proceeds from the sale of the bonds authorized by RCW
22 47.10.801(1) (~~((a) and (b))~~) shall be deposited in the motor vehicle
23 fund. (~~(The proceeds from the sale of the bonds authorized by RCW~~
24 ~~47.10.801(1)(c) shall be deposited in the economic development account~~
25 ~~of the motor vehicle fund, hereby created.)) All such proceeds shall
26 be available only for the purposes enumerated in RCW 47.10.801, for the
27 payment of bond anticipation notes, if any, and for the payment of the
28 expense incurred in the drafting, printing, issuance, and sale of such
29 bonds. The costs of obtaining insurance, letters of credit, or other
30 credit enhancement devices with respect to the bonds shall be
31 considered to be expenses incurred in the issuance and sale of the
32 bonds.~~

33 **Sec. 14.** RCW 47.12.125 and 1991 c 291 s 3 are each amended to read
34 as follows:

35 All moneys paid to the state of Washington under any of the
36 provisions of RCW 47.12.120 shall be deposited in the department's
37 advance right of way revolving fund, except moneys that are subject to

1 federal aid reimbursement and moneys received from rental of capital
2 facilities properties, which shall be deposited in the motor vehicle
3 fund(~~(, and except that moneys received from rental of capital~~
4 ~~facilities properties shall be deposited in the transportation capital~~
5 ~~facilities account as defined in chapter 47.13 RCW)~~).

6 **Sec. 15.** RCW 47.26.080 and 1994 c 179 s 8 are each amended to read
7 as follows:

8 There is hereby created in the motor vehicle fund the urban
9 arterial trust account. The intent of the urban arterial trust account
10 program is to improve the ((urban)) arterial street system of the state
11 by improving mobility and safety while supporting an environment
12 essential to the quality of life of the citizens of the state of
13 Washington. ~~((To be eligible to receive these funds, a project must be~~
14 ~~consistent with the Growth Management Act, the Clean Air Act including~~
15 ~~conformity, and the Commute Trip Reduction Law. The project shall~~
16 ~~consider safety, mobility, and physical characteristics of the roadway~~
17 ~~and must be partially funded by local government.~~

18 All moneys deposited in the motor vehicle fund to be credited to
19 the urban arterial trust account shall be expended for the construction
20 and improvement of city arterial streets and county arterial roads
21 within urban areas, for expenses of the transportation improvement
22 board in accordance with RCW 47.26.140, or for the payment of principal
23 or interest on bonds issued for the purpose of constructing or
24 improving city arterial streets and county arterial roads within urban
25 areas, or for reimbursement to the state, counties, cities, and towns
26 in accordance with RCW 47.26.4252 and 47.26.4254, the amount of any
27 payments made on principal or interest on urban arterial trust account
28 bonds from motor vehicle or special fuel tax revenues which were
29 distributable to the state, counties, cities, and towns.))

30 The board shall not allocate funds, nor make payments of the funds
31 under RCW 47.26.260, to any county, city, or town identified by the
32 governor under RCW 36.70A.340.

33 **Sec. 16.** RCW 47.26.084 and 1994 c 179 s 10 are each amended to
34 read as follows:

35 The transportation improvement account is hereby created in the
36 motor vehicle fund. ~~((The board shall adopt rules and procedures which~~
37 ~~shall govern the allocation of funds in the transportation improvement~~

1 account at such time as funds become available. All projects selected
2 for funding before the fiscal year 1996 transportation improvement
3 account program are governed by this section.

4 The board shall allocate funds from the account by June 30th of
5 each year for the ensuing fiscal year and shall endeavor to provide
6 geographical diversity in selecting improvement projects to be funded
7 from the account.

8 Of the amount made available to the transportation improvement
9 board from the transportation improvement account for improvement
10 projects:

11 (1) Eighty seven percent shall be allocated to urban counties, to
12 cities with a population of five thousand and over, and to
13 transportation benefit districts. Improvement projects may include,
14 but are not limited to, multi-agency projects and arterial improvement
15 projects in fast growing areas.

16 To be eligible to receive these funds, a project must be (a)
17 consistent with state, regional, and local transportation plans and
18 consideration shall be given to the project's relationship, both actual
19 and potential, with rapid mass transit and at such time as a rail plan
20 is developed by the rail development commission, projects must be
21 consistent therewith, (b) necessitated by existing or reasonably
22 foreseeable congestion levels attributable to economic development or
23 growth, and (c) partially funded by local government or private
24 contributions, or a combination of such contributions. The board
25 shall, for those projects meeting the eligibility criteria, determine
26 what percentage of each project is funded by local and/or private
27 contribution. Priority consideration shall be given to those projects
28 with the greatest percentage of local and/or private contribution.))

29 The intent of the program is to improve mobility of people and goods in
30 Washington state by supporting economic development and environmentally
31 responsive solutions to our state-wide transportation system needs.

32 Within one year after board approval of an application for funding,
33 a county, city, or transportation benefit district shall provide
34 written certification to the board of the pledged local and/or private
35 funding. Funds allocated to an applicant that does not certify its
36 funding within one year after approval may be reallocated by the board.

37 ((2) Thirteen percent shall be allocated by the board to cities
38 and towns with a population of less than five thousand for street
39 improvement projects in a manner determined by the board.))

1 **Sec. 17.** RCW 47.26.140 and 1996 c 49 s 2 are each amended to read
2 as follows:

3 The transportation improvement board shall appoint an executive
4 director, who shall serve at its pleasure and whose salary shall be set
5 by the board, and may employ additional staff as it deems appropriate.
6 All costs associated with staff, together with travel expenses in
7 accordance with RCW 43.03.050 and 43.03.060, shall be paid from the
8 urban arterial trust account, (~~small city account, city hardship~~
9 ~~assistance account, central Puget Sound public transportation~~
10 ~~account,~~) public transportation systems account, and the
11 transportation improvement account in the motor vehicle fund as
12 determined by the biennial appropriation.

13 **Sec. 18.** RCW 47.26.425 and 1994 c 179 s 22 are each amended to
14 read as follows:

15 Any funds required to repay the first authorization of two hundred
16 million dollars of bonds authorized by RCW 47.26.420, as amended by
17 section 18, chapter 317, Laws of 1977 ex. sess. or the interest thereon
18 when due, shall be taken from that portion of the motor vehicle fund
19 which results from the imposition of excise taxes on motor vehicle and
20 special fuels and which is distributed to the urban arterial trust
21 account in the motor vehicle fund (~~and the certain sums received by~~
22 ~~the small city account in the motor vehicle fund imposed by RCW~~
23 ~~82.36.025(3) and 46.68.100(9))~~), and shall never constitute a charge
24 against any allocations of any other such funds in the motor vehicle
25 fund to the state, counties, cities, and towns unless and until the
26 amount of the motor vehicle fund arising from the excise tax on motor
27 vehicle and special fuels and distributed to the urban arterial trust
28 account (~~and the small city account~~) proves insufficient to meet the
29 requirements for bond retirement or interest on any such bonds.

30 **Sec. 19.** RCW 47.26.4252 and 1995 c 274 s 12 are each amended to
31 read as follows:

32 Any funds required to repay the authorization of series II bonds
33 authorized by RCW 47.26.420, as reenacted by section 3, chapter 5, Laws
34 of 1979, or the interest thereon when due, shall first be taken from
35 that portion of the motor vehicle fund which results from the
36 imposition of excise taxes on motor vehicle and special fuels imposed
37 by chapters 82.36 and 82.38 RCW and which is distributed to the urban

1 arterial trust account in the motor vehicle fund (~~and the certain sums~~
2 ~~received by the small city account in the motor vehicle fund imposed by~~
3 ~~RCW 82.36.025(3) and 46.68.100(9)~~)), subject, however, to the prior
4 lien of the first authorization of bonds authorized by RCW 47.26.420,
5 as reenacted by section 3, chapter 5, Laws of 1979. If the moneys
6 distributed to the urban arterial trust account (~~and the small city~~
7 ~~account~~)) shall ever be insufficient to repay the first authorization
8 bonds together with interest thereon, and the series II bonds or the
9 interest thereon when due, the amount required to make such payments on
10 such bonds or interest thereon shall next be taken from that portion of
11 the motor vehicle fund which results from the imposition of excise
12 taxes on motor vehicle and special fuels and which is distributed to
13 the state, counties, cities, and towns pursuant to RCW 46.68.100 as now
14 existing or hereafter amended. Any payments on such bonds or interest
15 thereon taken from motor vehicle or special fuel tax revenues which are
16 distributable to the state, counties, cities, and towns, shall be
17 repaid from the first moneys distributed to the urban arterial trust
18 account not required for redemption of the first authorization bonds or
19 series II and series III bonds or interest on those bond issues.

20 **Sec. 20.** RCW 47.26.4254 and 1995 c 274 s 13 are each amended to
21 read as follows:

22 (1) Any funds required to repay series III bonds authorized by RCW
23 47.26.420, or the interest thereon, when due shall first be taken from
24 that portion of the motor vehicle fund that results from the imposition
25 of excise taxes on motor vehicle and special fuels imposed by chapters
26 82.36 and 82.38 RCW and that is distributed to the urban arterial trust
27 account in the motor vehicle fund (~~and the certain sums received by~~
28 ~~the small city account in the motor vehicle fund imposed by RCW~~
29 ~~82.36.025(3) and 46.68.100(9)~~)), subject, however, to the prior lien of
30 the first authorization of bonds authorized by RCW 47.26.420. If the
31 moneys so distributed to the urban arterial trust account (~~and the~~
32 ~~small city account~~)), after first being applied to administrative
33 expenses of the transportation improvement board and to the
34 requirements of bond retirement and payment of interest on first
35 authorization bonds and series II bonds as provided in RCW 47.26.425
36 and 47.26.4252, are insufficient to meet the requirements for bond
37 retirement or interest on any series III bonds, the amount required to
38 make such payments on series III bonds or interest thereon shall next

1 be taken from that portion of the motor vehicle fund that results from
2 the imposition of excise taxes on motor vehicle and special fuels and
3 that is distributed to the state, counties, cities, and towns pursuant
4 to RCW 46.68.100, subject, however, to subsection (2) of this section.

5 (2) To the extent that moneys so distributed to the urban arterial
6 trust account (~~((and the small city account))~~) are insufficient to meet
7 the requirements for bond retirement or interest on any series III
8 bonds, sixty percent of the amount required to make such payments when
9 due shall first be taken from that portion of the motor vehicle fund
10 that results from the imposition of excise taxes on motor vehicle and
11 special fuels and that is distributed to the state. The remaining
12 forty percent shall first be taken from that portion of the motor
13 vehicle fund that results from the imposition of excise taxes on motor
14 vehicle and special fuels and that is distributed to the cities and
15 towns pursuant to RCW 46.68.100(1) and to the counties pursuant to RCW
16 46.68.100(3). Of the counties', cities', and towns' share of any
17 additional amounts required in the fiscal year ending June 30, 1984,
18 fifteen percent shall be taken from the counties' distributive share
19 and eighty-five percent from the cities' and towns' distributive share.
20 Of the counties', cities', and towns' share of any additional amounts
21 required in each fiscal year thereafter, the percentage thereof to be
22 taken from the counties' distributive share and from the cities' and
23 towns' distributive share shall correspond to the percentage of funds
24 authorized for specific county projects and for specific city and town
25 projects, respectively, from the proceeds of series III bonds, for the
26 period through the first eleven months of the prior fiscal year as
27 determined by the chairman of the transportation improvement board and
28 reported to the state finance committee and the state treasurer not
29 later than the first working day of June.

30 (3) Any payments on such bonds or interest thereon taken from motor
31 vehicle or special fuel tax revenues that are distributable to the
32 state, counties, cities, and towns shall be repaid from the first
33 moneys distributed to the urban arterial trust account (~~((and the small
34 city account))~~) not required for redemption of the first authorization
35 bonds, series II bonds, or series III bonds or interest on these bonds.

36 **Sec. 21.** RCW 47.26.505 and 1994 c 179 s 29 are each amended to
37 read as follows:

1 Any funds required to repay such bonds, or the interest thereon
2 when due, shall be taken from that portion of the motor vehicle fund
3 which results from the imposition of excise taxes on motor vehicle and
4 special fuels and which is distributed to the transportation
5 improvement account in the motor vehicle fund (~~and the sums received~~
6 ~~by the small city account in the motor vehicle fund under RCW~~
7 ~~46.68.095~~)), and shall never constitute a charge against any
8 allocations of any other such funds in the motor vehicle fund to the
9 state, counties, cities, and towns unless and until the amount of the
10 motor vehicle fund arising from the excise tax on motor vehicle and
11 special fuels and distributed to the transportation improvement account
12 proves insufficient to meet the requirements for bond retirement or
13 interest on any such bonds.

14 **Sec. 22.** RCW 47.56.772 and 1993 c 4 s 4 are each amended to read
15 as follows:

16 Upon the issuance of refunding bonds as authorized by RCW
17 47.56.770, the department of transportation may liquidate the existing
18 bond fund and other funds and accounts established in the proceedings
19 which authorized the issuance of the outstanding toll bridge authority,
20 ferry, and Hood Canal bridge refunding revenue bonds and apply the
21 money contained in those funds and accounts to the defeasance and
22 redemption of outstanding toll bridge authority, ferry, and Hood Canal
23 refunding revenue bonds, except that prior to such bond redemption,
24 money sufficient to pay the first interest installment on the refunding
25 bonds shall be deposited in the ferry bond retirement fund. Money
26 remaining in such funds not used for such bond defeasance and
27 redemption or first interest installment on the refunding bonds shall
28 be transferred to and deposited in the (~~marine operating fund under~~
29 ~~RCW 47.56.775~~) Puget Sound ferry operations account created under RCW
30 47.60.530.

31 **Sec. 23.** RCW 47.60.150 and 1990 c 42 s 405 are each amended to
32 read as follows:

33 Subject to the provisions of RCW 47.60.326, the schedule of charges
34 for the services and facilities of the system shall be fixed and
35 revised from time to time by the commission so that the tolls and other
36 revenues (~~collected together with any moneys~~) deposited in the Puget
37 Sound ferry operations account (~~transferred to the ferry system~~

1 ~~revolving account~~) for maintenance and operation, and all moneys in
2 the Puget Sound capital construction account available for debt service
3 will yield annual revenue and income sufficient, after allowance for
4 all operating, maintenance, and repair expenses to pay the interest and
5 principal and sinking fund charges for all outstanding revenue bonds,
6 and to create and maintain a fund for ordinary renewals and
7 replacements: PROVIDED, That if provision is made by any resolution
8 for the issuance of revenue bonds for the creation and maintenance of
9 a special fund for rehabilitating, rebuilding, enlarging, or improving
10 all or any part of the ferry system then such schedule of tolls and
11 rates of charges shall be fixed and revised so that the revenue and
12 income will also be sufficient to comply with such provision.

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

25 **Sec. 24.** RCW 47.60.326 and 1990 c 42 s 406 are each amended to
26 read as follows:

27 (1) In order to maintain an adequate, fair, and economically sound
28 schedule of charges for the transportation of passengers, vehicles, and
29 commodities on the Washington state ferries, the department of
30 transportation each year shall conduct a full review of such charges.

31 (2) Prior to February 1st of each odd-numbered year the department
32 shall transmit to the transportation commission a report of its review
33 together with its recommendations for the revision of a schedule of
34 charges for the ensuing biennium. The commission on or before July 1st
35 of that year shall adopt as a rule, in the manner provided by the
36 Washington administrative procedure act, a schedule of charges for the
37 Washington state ferries for the ensuing biennium commencing July 1st.

1 The schedule may initially be adopted as an emergency rule if necessary
2 to take effect on, or as near as possible to, July 1st.

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

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

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

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

12 (d) The efficient distribution of traffic between cross-sound
13 routes;

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

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

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

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

22 (4) If at any time during the biennium it appears that projected
23 ~~((toll))~~ revenues from the ~~((ferry system, together with the transfer~~
24 ~~from the))~~ Puget Sound ferry operations account ~~((to the ferry system~~
25 ~~revolving account))~~ and any other operating subsidy available to the
26 Washington state ferries~~((7))~~ will be less than the projected total
27 cost of maintenance and operation of the Washington state ferries for
28 the biennium, the department shall forthwith undertake a review of its
29 schedule of charges to ascertain whether or not the schedule of charges
30 should be revised. The department shall, upon completion of its review
31 report, submit its recommendation to the transportation commission
32 which may in its sound discretion revise the schedule of charges as
33 required to meet necessary maintenance and operation expenditures of
34 the ferry system for the biennium or may defer action until the regular
35 annual review and revision of ferry charges as provided in subsection
36 (2) of this section.

37 (5) The provisions of RCW 47.60.330 relating to public
38 participation shall apply to the process of revising ferry tolls under
39 this section.

1 **Sec. 25.** RCW 47.60.440 and 1990 c 42 s 408 are each amended to
2 read as follows:

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

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

24 **Sec. 26.** RCW 82.36.025 and 1994 c 179 s 30 are each amended to
25 read as follows:

26 The motor vehicle fuel tax rate shall be computed as the sum of the
27 tax rate provided in subsection (1) of this section and the additional
28 tax rates provided in subsections (2) through (5) of this section.

29 (1) A motor vehicle fuel tax rate of seventeen cents per gallon
30 shall apply to the sale, distribution, or use of motor vehicle fuel.

31 (2) An additional motor vehicle fuel tax rate of one-third cent per
32 gallon shall apply to the sale, distribution, or use of motor vehicle
33 fuel, and the proceeds from this additional tax rate, reduced by an
34 amount equal to the sum of the payments under RCW 46.68.090(1) (a),
35 (b), and (c) multiplied by the additional tax rate prescribed by this
36 subsection divided by the motor vehicle fuel tax rate provided in this
37 section, shall be deposited in the rural arterial trust account in the
38 motor vehicle fund for expenditures under RCW 36.79.020.

1 (3) An additional motor vehicle fuel tax rate of one-third cent per
2 gallon shall apply to the sale, distribution, or use of motor vehicle
3 fuel, and the proceeds from this additional tax rate, reduced by an
4 amount equal to the sum of the payments under RCW 46.68.090(1) (a),
5 (b), and (c) multiplied by the additional tax rate prescribed by this
6 subsection divided by the motor vehicle fuel tax rate provided in this
7 section, shall be deposited in the urban arterial trust account in the
8 motor vehicle fund. (~~After June 30, 1995, ninety five percent of this
9 revenue shall be deposited in the urban arterial trust account in the
10 motor vehicle fund and five percent shall be deposited in the small
11 city account in the motor vehicle fund.~~)

12 (4) An additional motor vehicle fuel tax rate of one-third cent per
13 gallon shall be applied to the sale, distribution, or use of motor
14 vehicle fuel, and the proceeds from this additional tax rate, reduced
15 by an amount equal to the sum of the payments under RCW 46.68.090(1)
16 (a), (b), and (c) multiplied by the additional tax rate prescribed by
17 this subsection divided by the motor vehicle fuel tax rate provided in
18 this section, shall be deposited in the motor vehicle fund to be
19 expended for highway purposes of the state as defined in RCW 46.68.130.

20 (5) An additional motor vehicle fuel tax rate of four cents per
21 gallon from April 1, 1990, through March 31, 1991, and five cents per
22 gallon from April 1, 1991, applies to the sale, distribution, or use of
23 motor vehicle fuel. The proceeds from the additional tax rate under
24 this subsection, reduced by an amount equal to the sum of the payments
25 under RCW 46.68.090(1) (a), (b), and (c) multiplied by the additional
26 tax rate prescribed by this subsection divided by the motor fuel tax
27 rate provided in this section, shall be deposited in the motor vehicle
28 fund and shall be distributed by the state treasurer according to RCW
29 46.68.095.

30 **Sec. 27.** RCW 82.44.150 and 1998 c 321 s 6 are each amended to read
31 as follows:

32 (1) The director of licensing shall, on the twenty-fifth day of
33 February, May, August, and November of each year, advise the state
34 treasurer of the total amount of motor vehicle excise taxes imposed by
35 RCW 82.44.020(1) remitted to the department during the preceding
36 calendar quarter ending on the last day of March, June, September, and
37 December, respectively, except for those payable under RCW 82.44.030,
38 from motor vehicle owners residing within each municipality which has

1 levied a tax under RCW 35.58.273, which amount of excise taxes shall be
2 determined by the director as follows:

3 The total amount of motor vehicle excise taxes remitted to the
4 department, except those payable under RCW 82.44.020(2) and 82.44.030,
5 from each county shall be multiplied by a fraction, the numerator of
6 which is the population of the municipality residing in such county,
7 and the denominator of which is the total population of the county in
8 which such municipality or portion thereof is located. The product of
9 this computation shall be the amount of excise taxes from motor vehicle
10 owners residing within such municipality or portion thereof. Where the
11 municipality levying a tax under RCW 35.58.273 is located in more than
12 one county, the above computation shall be made by county, and the
13 combined products shall provide the total amount of motor vehicle
14 excise taxes from motor vehicle owners residing in the municipality as
15 a whole. Population figures required for these computations shall be
16 supplied to the director by the office of financial management, who
17 shall adjust the fraction annually.

18 (2) On the first day of the months of January, April, July, and
19 October of each year, the state treasurer based upon information
20 provided by the department shall, from motor vehicle excise taxes
21 deposited in the transportation fund under RCW 82.44.110, make the
22 following deposits:

23 (a) To the high capacity transportation account created in RCW
24 47.78.010, a sum equal to four and five-tenths percent of the special
25 excise tax levied under RCW 35.58.273 by those municipalities
26 authorized to levy a special excise tax within each county that has a
27 population of one hundred seventy-five thousand or more and has an
28 interstate highway within its borders; except that in a case of a
29 municipality located in a county that has a population of one hundred
30 seventy-five thousand or more that does not have an interstate highway
31 located within its borders, that sum shall be deposited in the
32 passenger ferry account;

33 (b) To the (~~central Puget Sound~~) public transportation systems
34 account created in RCW 82.44.180, for revenues distributed after June
35 30, 1999, within a county with a population of one million or more and
36 a county with a population of from two hundred thousand to less than
37 one million bordering a county with a population of one million or more
38 with which it shares a border of more than five miles, a sum equal to
39 (~~the difference between (i) the special excise tax levied and~~

1 collected under RCW 35.58.273 by those municipalities authorized to
2 levy and collect a special excise tax subject to the requirements of
3 subsections (3) and (4) of this section and (ii) the special excise tax
4 that the municipality would otherwise have been eligible to levy and
5 collect at a tax rate of .815 percent and been able to match with
6 locally generated tax revenues, other than the excise tax imposed under
7 RCW 35.58.273, budgeted for any public transportation purpose. Before
8 this deposit, the sum shall be reduced by an amount equal to the amount
9 distributed under (a) of this subsection for each of the municipalities
10 within the counties to which this subsection (2)(b) applies; however,
11 any transfer under this subsection (2)(b) must be greater than zero))
12 6.732 percent of the special excise tax distributed under RCW
13 35.58.273; and

14 (c) To the public transportation systems account created in RCW
15 82.44.180, for revenues distributed after June 30, 1999, within
16 counties not described in (b) of this subsection, a sum equal to ((the
17 difference between (i) the special excise tax levied and collected
18 under RCW 35.58.273 by those municipalities authorized to levy and
19 collect a special excise tax subject to the requirements of subsections
20 (3) and (4) of this section and (ii) the special excise tax that the
21 municipality would otherwise have been eligible to levy and collect at
22 a tax rate of .815 percent and been able to match with locally
23 generated tax revenues, other than the excise tax imposed under RCW
24 35.58.273, budgeted for any public transportation purpose. Before this
25 deposit, the sum shall be reduced by an amount equal to the amount
26 distributed under (a) of this subsection for each of the municipalities
27 within the counties to which this subsection (2)(c) applies; however,
28 any transfer under this subsection (2)(c) must be greater than zero))
29 1.158 percent of the special excise tax levied and collected under RCW
30 35.58.273.

31 (3) On the first day of the months of January, April, July, and
32 October of each year, the state treasurer, based upon information
33 provided by the department, shall remit motor vehicle excise tax
34 revenues imposed and collected under RCW 35.58.273 as follows:

35 (a) The amount required to be remitted by the state treasurer to
36 the treasurer of any municipality levying the tax shall not exceed in
37 any calendar year the amount of locally-generated tax revenues,
38 excluding (i) the excise tax imposed under RCW 35.58.273 for the
39 purposes of this section, which shall have been budgeted by the

1 municipality to be collected in such calendar year for any public
2 transportation purposes including but not limited to operating costs,
3 capital costs, and debt service on general obligation or revenue bonds
4 issued for these purposes; and (ii) the sales and use tax equalization
5 distributions provided under RCW 82.14.046; and

6 (b) In no event may the amount remitted in a single calendar
7 quarter exceed the amount collected on behalf of the municipality under
8 RCW 35.58.273 during the calendar quarter next preceding the
9 immediately preceding quarter, excluding the sales and use tax
10 equalization distributions provided under RCW 82.14.046.

11 (4) At the close of each calendar year accounting period, but not
12 later than April 1, each municipality that has received motor vehicle
13 excise taxes under subsection (3) of this section shall transmit to the
14 director of licensing and the state auditor a written report showing by
15 source the previous year's budgeted tax revenues for public
16 transportation purposes as compared to actual collections. Any
17 municipality that has not submitted the report by April 1 shall cease
18 to be eligible to receive motor vehicle excise taxes under subsection
19 (3) of this section until the report is received by the director of
20 licensing. If a municipality has received more or less money under
21 subsection (3) of this section for the period covered by the report
22 than it is entitled to receive by reason of its locally-generated
23 collected tax revenues, the director of licensing shall, during the
24 next ensuing quarter that the municipality is eligible to receive motor
25 vehicle excise tax funds, increase or decrease the amount to be
26 remitted in an amount equal to the difference between the locally-
27 generated budgeted tax revenues and the locally-generated collected tax
28 revenues. In no event may the amount remitted for a calendar year
29 exceed the amount collected on behalf of the municipality under RCW
30 35.58.273 during that same calendar year excluding the sales and use
31 tax equalization distributions provided under RCW 82.14.046. At the
32 time of the next fiscal audit of each municipality, the state auditor
33 shall verify the accuracy of the report submitted and notify the
34 director of licensing of any discrepancies.

35 (5) The motor vehicle excise taxes imposed under RCW 35.58.273 and
36 required to be remitted under this section and RCW 82.14.046 shall be
37 remitted without legislative appropriation.

38 (6) Any municipality levying and collecting a tax under RCW
39 35.58.273 which does not have an operating, public transit system or a

1 contract for public transportation services in effect within one year
2 from the initial effective date of the tax shall return to the state
3 treasurer all motor vehicle excise taxes received under subsection (3)
4 of this section.

5 **Sec. 28.** RCW 82.44.180 and 1998 c 321 s 41 (Referendum Bill No.
6 49) are each amended to read as follows:

7 (1) The transportation fund is created in the state treasury.
8 Revenues under RCW 82.44.110 and 82.50.510 shall be deposited into the
9 fund as provided in those sections.

10 Moneys in the fund may be spent only after appropriation.
11 Expenditures from the fund may be used only for transportation purposes
12 and activities and operations of the Washington state patrol not
13 directly related to the policing of public highways and that are not
14 authorized under Article II, section 40 of the state Constitution.

15 (2) ~~((There is hereby created the central Puget Sound public
16 transportation account within the transportation fund. Moneys
17 deposited into the account under RCW 82.44.150(2)(b) shall be
18 appropriated to the transportation improvement board and allocated by
19 the transportation improvement board to public transportation projects
20 within the region from which the funds are derived, solely for:~~

21 ~~(a) Planning;~~

22 ~~(b) Development of capital projects;~~

23 ~~(c) Development of high capacity transportation systems as defined
24 in RCW 81.104.015;~~

25 ~~(d) Development of high occupancy vehicle lanes and related
26 facilities as defined in RCW 81.100.020; and~~

27 ~~(e) Public transportation system contributions required to fund
28 projects under federal programs and those approved by the
29 transportation improvement board from other fund sources.~~

30 ~~(3))~~ There is hereby created the public transportation systems
31 account within the transportation fund. Moneys deposited into the
32 account under RCW 82.44.150(2) (b) and (c) shall be appropriated to the
33 transportation improvement board and allocated by the transportation
34 improvement board to public transportation projects submitted by the
35 public transportation systems ~~((from which the funds are derived))~~ as
36 defined by chapters 36.56, 36.57, and 36.57A RCW and RCW 35.84.060 and
37 81.112.030, and the Washington state ferry system, solely for:

38 (a) Planning;

1 (b) Development of capital projects;

2 (c) Development of high capacity transportation systems as defined
3 in RCW 81.104.015;

4 (d) Development of high occupancy vehicle lanes and related
5 facilities as defined in RCW 81.100.020;

6 (e) Other public transportation system-related roadway projects on
7 state highways, county roads, or city streets; and

8 (f) Public transportation system contributions required to fund
9 projects under federal programs and those approved by the
10 transportation improvement board from other fund sources.

11 NEW SECTION. **Sec. 29.** The following acts or parts of acts are
12 each repealed:

13 (1) RCW 46.68.180 (Highway construction stabilization account--
14 Established, purpose) and 1985 c 140 s 1;

15 (2) RCW 46.68.190 (Highway construction stabilization account--
16 Deposits, transfers) and 1985 c 140 s 2;

17 (3) RCW 46.68.200 (Highway construction stabilization account--Uses
18 limited) and 1985 c 140 s 3;

19 (4) RCW 47.02.180 (District 1 headquarters bonds--Reimbursement of
20 motor vehicle fund) and 1990 c 293 s 7;

21 (5) RCW 47.13.010 (Account created--Deposits and expenditures) and
22 1989 c 397 s 1;

23 (6) RCW 47.13.020 (Federal moneys) and 1995 c 271 s 1 & 1989 c 397
24 s 2;

25 (7) RCW 47.13.030 (Exclusion of certain facilities) and 1989 c 397
26 s 3;

27 (8) RCW 47.13.040 (Definition) and 1989 c 397 s 4;

28 (9) RCW 47.13.900 (Effective date--1989 c 397) and 1989 c 397 s 6;
29 and

30 (10) RCW 47.56.775 (Marine operating fund created) and 1993 c 4 s
31 7.

32 NEW SECTION. **Sec. 30.** (1) Sections 1, 2, 4 through 26, 28, and 29
33 of this act are necessary for the immediate preservation of the public
34 peace, health, or safety, or support of the state government and its
35 existing public institutions, and take effect July 1, 1999.

36 (2) Section 3 of this act takes effect September 1, 2000.

1 (3) Section 27 of 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 June 30, 1999.

5 NEW SECTION. **Sec. 31.** Section 2 of this act expires September 1,
6 2000.

--- END ---