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HOUSE BILL 2761

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State of Washington

57th Legislature

2002 Regular Session

By Representatives Anderson and Ruderman

Read first time 01/28/2002. Referred to Committee on Technology,  
Telecommunications & Energy.

1 AN ACT Relating to state information technology projects; amending  
2 RCW 43.105.095, 43.105.105, 43.105.170, 43.105.180, and 43.105.190;  
3 reenacting and amending RCW 43.105.020 and 43.79A.040; adding new  
4 sections to chapter 43.105 RCW; creating a new section; and providing  
5 an effective date.

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

7 NEW SECTION. **Sec. 1.** A new section is added to chapter 43.105 RCW  
8 to read as follows:

9 INTENT. The legislature finds that major state information  
10 technology projects require additional oversight and review, along with  
11 a new funding approach. The legislature finds that public funds are  
12 used most efficiently when major state information projects are funded  
13 using a competitive approach that relies on incremental expenditures  
14 from a pooled fund to reward efficient and timely completion of  
15 projects. Incremental expenditures and increased, expert oversight of  
16 expenditures will promote sound agency planning, will ensure wise use  
17 of public funds, and will avoid delays that would otherwise result in  
18 increased costs to taxpayers and delayed implementation of state  
19 technology services. Such an approach will also permit prompt revision

1 of expenditure plans to allow redeployment of public moneys to the  
2 projects that can be completed effectively. Additionally, the  
3 legislature finds that the funding system for information technology  
4 projects should encourage agencies to invest in technology projects  
5 that will result in future savings to the state.

6 **Sec. 2.** RCW 43.105.020 and 1999 c 285 s 1 and 1999 c 80 s 1 are  
7 each reenacted and amended to read as follows:

8 DEFINITIONS. As used in this chapter, unless the context indicates  
9 otherwise, the following definitions shall apply:

10 (1) "Department" means the department of information services;

11 (2) "Board" means the information services board;

12 (3) "Local governments" includes all municipal and quasi municipal  
13 corporations and political subdivisions, and all agencies of such  
14 corporations and subdivisions authorized to contract separately;

15 (4) "Director" means the director of the department;

16 (5) "Purchased services" means services provided by a vendor to  
17 accomplish routine, continuing, and necessary functions. This term  
18 includes, but is not limited to, services acquired for equipment  
19 maintenance and repair, operation of a physical plant, security,  
20 computer hardware and software installation and maintenance, data  
21 entry, keypunch services, programming services, and computer time-  
22 sharing;

23 (6) "Backbone network" means the shared high-density portions of  
24 the state's telecommunications transmission facilities. It includes  
25 specially conditioned high-speed communications carrier lines,  
26 multiplexors, switches associated with such communications lines, and  
27 any equipment and software components necessary for management and  
28 control of the backbone network;

29 (7) "Telecommunications" means the transmission of information by  
30 wire, radio, optical cable, electromagnetic, or other means;

31 (8) "Information processing" means the electronic capture,  
32 collection, storage, manipulation, transmission, retrieval, and  
33 presentation of information in the form of data, text, voice, or image  
34 and includes telecommunications and office automation functions;

35 (9) "Information services" means data processing,  
36 telecommunications, and office automation;

1 (10) "Equipment" means the machines, devices, and transmission  
2 facilities used in information processing, such as computers, word  
3 processors, terminals, telephones, and cables;

4 (11) "Information technology portfolio" or "portfolio" means a  
5 strategic management process documenting relationships between agency  
6 missions and information technology investments;

7 (12) "Oversight" means a process of comprehensive risk analysis and  
8 management designed to ensure optimum use of information technology  
9 resources;

10 (13) "Proprietary software" means that software offered for sale or  
11 license;

12 (14) "Video telecommunications" means the electronic  
13 interconnection of two or more sites for the purpose of transmitting  
14 and/or receiving visual and associated audio information. Video  
15 telecommunications shall not include existing public television  
16 broadcast stations as currently designated by the department of  
17 community, trade, and economic development under chapter 43.330 RCW;

18 (15) "K-20 educational network board" or "K-20 board" means the K-  
19 20 educational network board created in RCW 43.105.800;

20 (16) "K-20 network technical steering committee" or "committee"  
21 means the K-20 network technical steering committee created in RCW  
22 43.105.810;

23 (17) "K-20 network" means the network established in RCW  
24 43.105.820;

25 (18) "Educational sectors" means those institutions of higher  
26 education, school districts, and educational service districts that use  
27 the network for distance education, data transmission, and other uses  
28 permitted by the K-20 board;

29 (19) "Committee" means the funding and oversight committee of the  
30 board created in section 3 of this act;

31 (20) "Major project" means a state information technology project,  
32 the total cost of which is projected to exceed the lesser of either  
33 five million dollars or five percent of the total budgeted funding for  
34 the agency involved;

35 (21) "Fund" means the information technology pool fund created in  
36 section 12 of this act.

37 NEW SECTION. Sec. 3. A new section is added to chapter 43.105 RCW  
38 to read as follows:

1 FUNDING AND OVERSIGHT COMMITTEE. (1) The funding and oversight  
2 committee of the board is created. Members of the funding and  
3 oversight committee are the two board members appointed by the governor  
4 to represent the private sector, the two board members who represent  
5 the house of representatives, the two board members who represent the  
6 senate, and the director of financial management, or the director's  
7 designee.

8 (2) The funding and oversight committee has the following powers  
9 and duties:

10 (a) In consultation with the office of financial management, the  
11 committee shall develop and approve an expenditure plan for major  
12 projects to be funded from the information technology pool fund created  
13 in section 12 of this act.

14 (b) In consultation with the office of financial management, the  
15 committee shall monitor and oversee expenditures from the information  
16 technology pool fund in order to ensure compliance with expenditure  
17 plans and performance standards as described in section 4 of this act.

18 (c) The committee may authorize expenditures from the information  
19 technology pool fund pursuant to expenditure plans.

20 (d) The committee may review proposals, establish repayment  
21 schedules, and authorize expenditures from the information technology  
22 pool fund under the agency technology initiative program created in  
23 section 5 of this act.

24 NEW SECTION. **Sec. 4.** A new section is added to chapter 43.105 RCW  
25 to read as follows:

26 INCREMENTAL FUNDING AND OVERSIGHT OF MAJOR TECHNOLOGY PROJECTS.  
27 Major projects shall be funded from the information technology pool  
28 fund on an incremental basis and shall be overseen by the committee as  
29 set forth in this section.

30 (1) The committee may authorize expenditures from the fund for  
31 major projects after the legislature has authorized funding for the  
32 project. The legislature may authorize funding for major projects by:

33 (a) In the omnibus operating appropriations act, providing an  
34 appropriation to be deposited in the fund for a particular project; or

35 (b) In the omnibus operating appropriations act, including the  
36 project in a prioritized list of projects to be funded by the committee  
37 according to available moneys in the fund.

1 (2) After the legislature directs that a major project be funded  
2 from the information technology pool fund, the committee, in  
3 consultation with the agency and the office of financial management,  
4 shall prepare an expenditure and oversight plan for the project.

5 The expenditure and oversight plan shall:

6 (a) Include specific goals, progress schedules, and performance  
7 standards;

8 (b) Require incremental funding of a project on a phase-by-phase  
9 basis whereby funds for a given phase of a project may be released only  
10 when the committee determines that the previous phase has been or will  
11 be satisfactorily completed;

12 (c) Reflect the portfolio-based technology standards and policies  
13 applicable to the agency under RCW 43.105.190;

14 (d) Consider the feasibility study, project management plan, and  
15 quality assurance plan developed by the agency under section 11 of this  
16 act. However, the oversight and expenditure plan need not follow the  
17 feasibility study, project management plan, or quality assurance plan  
18 if the committee concludes that different requirements are necessary;  
19 and

20 (e) Incorporate acceptance testing of products to assure that  
21 products perform satisfactorily before they are accepted and  
22 incremental or final payment is made.

23 (3) After approving the expenditure and oversight plan, the  
24 committee shall authorize expenditures for major projects from the  
25 information technology pool fund in accordance with the expenditure and  
26 oversight plan for each project.

27 (4) On at least a quarterly basis, the committee shall review  
28 agency progress for each project under the expenditure and oversight  
29 plan to determine whether incremental funds for the following phases of  
30 the project should be released. Depending on the progress made by  
31 individual projects, the committee, in consultation with the office of  
32 financial management, may reallocate funding among approved projects,  
33 or it may approve new projects, either from the priority list under  
34 subsection (1)(b) of this section or under the agency technology  
35 initiative program in section 5 of this act. However, when  
36 reallocating funding from the legislative priority list under  
37 subsection (1)(b) of this section, the committee shall give first  
38 consideration to other projects on that priority list.

1 (5) If a project is not meeting, or expected to meet, performance  
2 standards or schedules as provided in the project's expenditure and  
3 oversight plan, the committee may:

4 (a) Assess monetary penalties against the agency in an amount to be  
5 determined by the committee; or

6 (b) Terminate the project. Prior to terminating a project, the  
7 committee shall consult with the office of financial management and  
8 shall notify the appropriate fiscal committees of the senate and the  
9 house of representatives.

10 NEW SECTION. Sec. 5. A new section is added to chapter 43.105 RCW  
11 to read as follows:

12 AGENCY TECHNOLOGY INITIATIVE PROGRAM. In addition to funding major  
13 information projects from the information technology pool fund as set  
14 forth in section 4 of this act, the committee may also authorize  
15 expenditures from the fund under the agency technology initiative  
16 program established in this section. The agency technology initiative  
17 program is created and it is intended to encourage agencies to make  
18 near-term technology investments that will result in future savings to  
19 the agency.

20 (1) An agency may apply to the committee for funding from the fund  
21 for a technology project that the agency can demonstrate will result in  
22 future savings to the agency.

23 (2) If the committee concludes that funding an agency's proposed  
24 information technology project will result in future savings to the  
25 agency, the committee may authorize funding of a loan for the project  
26 from unexpended moneys in the information technology pool fund. In  
27 considering applications, the committee shall give priority to  
28 applications that will improve customer service while reducing future  
29 agency costs.

30 (3) Prior to authorizing release of the loan funding from the fund,  
31 the committee and the agency, in consultation with the board and the  
32 office of financial management, shall agree to a repayment schedule  
33 under which the agency will repay the amount of the loan, or another  
34 agreed-upon amount, to the fund from the agency's current or future  
35 appropriations. To permit the agency's loan payments to be funded  
36 wholly from future savings achieved by the agency as a result of the  
37 project, the repayment schedule set by the committee shall reflect the

1 timing and amount of agency savings expected to result from the  
2 project.

3 **Sec. 6.** RCW 43.105.095 and 1999 c 80 s 3 are each amended to read  
4 as follows:

5 COMMITTEE INCLUSION IN POLICY DEVELOPMENT. (1) Under the direction  
6 of the board, the department shall develop policies and procedures to  
7 implement a management and oversight structure based on the use of  
8 information technology portfolios.

9 (2) These policies and procedures shall support and conform to:

10 (a) The state strategic information technology plan developed under  
11 RCW 43.105.160(1) and 43.105.172; (~~and~~)

12 (b) Technology standards established by the board; and

13 (c) Oversight and expenditure plans established by the committee.

14 **Sec. 7.** RCW 43.105.105 and 1999 c 80 s 4 are each amended to read  
15 as follows:

16 AGENCY TECHNOLOGY PORTFOLIOS. An agency information technology  
17 portfolio shall serve as the basis for making information technology  
18 decisions and plans including:

19 (1) System refurbishment, acquisitions, and development efforts;

20 (2) Setting goals and objectives for using information technology;

21 (3) Assessments of information processing performance, resources,  
22 and capabilities;

23 (4) Ensuring the appropriate transfer of technological expertise  
24 for the operation of new systems developed using external resources;  
25 (~~and~~)

26 (5) Progress toward providing electronic access to public  
27 information; and

28 (6) Establishment of expenditure and oversight plans for projects  
29 funded from the information technology pool fund under sections 4 and  
30 5 of this act.

31 **Sec. 8.** RCW 43.105.170 and 1999 c 80 s 10 are each amended to read  
32 as follows:

33 TECHNOLOGY PORTFOLIOS. (1) Each agency shall develop an  
34 information technology portfolio consistent with RCW (~~43.105.095~~)  
35 43.105.172. The superintendent of public instruction shall develop its  
36 portfolio in conjunction with educational service districts and

1 statewide or regional providers of K-12 education information  
2 technology services.

3 (2) Agency portfolios shall include, but not be limited to, the  
4 following:

5 (a) A baseline assessment of the agency's information technology  
6 resources and capabilities that will serve as the benchmark for  
7 subsequent planning and performance measures;

8 (b) A statement of the agency's mission, goals, and objectives for  
9 information technology, including goals and objectives for achieving  
10 electronic access to agency records, information, and services;

11 (c) An explanation of how the agency's mission, goals, and  
12 objectives for information technology support and conform to the state  
13 strategic information technology plan developed under RCW 43.105.160;

14 (d) An implementation strategy to provide electronic access to  
15 public records and information. This implementation strategy must be  
16 assembled to include:

17 (i) Compliance with Title 40 RCW;

18 (ii) Adequate public notice and opportunity for comment;

19 (iii) Consideration of a variety of electronic technologies,  
20 including those that help transcend geographic locations, standard  
21 business hours, economic conditions of users, and disabilities;

22 (iv) Methods to educate both state employees and the public in the  
23 effective use of access technologies;

24 (e) Projects and resources required to meet the objectives of the  
25 portfolio; ((and))

26 (f) Where feasible, estimated schedules and funding required to  
27 implement identified projects; and

28 (g) An explanation linking the agency's technology mission, goals,  
29 and objectives to any oversight and expenditure plan adopted by the  
30 committee for the agency's major projects.

31 (3) Portfolios developed under subsection (1) of this section shall  
32 be submitted to the department for review and forwarded along with the  
33 department's recommendations to the board for review and approval. The  
34 board may reject, require modification to, or approve portfolios as  
35 deemed appropriate by the board. Portfolios submitted under this  
36 subsection shall be updated and submitted for review and approval as  
37 necessary.

38 (4) Each agency shall prepare and submit to the department a  
39 biennial performance report that evaluates progress toward the

1 objectives articulated in its information technology portfolio. The  
2 superintendent of public instruction shall develop its portfolio in  
3 conjunction with educational service districts and statewide or  
4 regional providers of K-12 education information technology services.  
5 The report shall include:

6 (a) An evaluation of the agency's performance relating to  
7 information technology;

8 (b) An assessment of progress made toward implementing the agency  
9 information technology portfolio;

10 (c) Progress toward electronic access to public information and  
11 enabling citizens to have two-way interaction for obtaining information  
12 and services from agencies; and

13 (d) An inventory of agency information services, equipment, and  
14 proprietary software.

15 (5) The department, with the approval of the board, shall establish  
16 standards, elements, form, and format for plans and reports developed  
17 under this section.

18 (6) Agency activities to increase electronic access to public  
19 records and information, as required by this section, must be  
20 implemented within available resources and existing agency planning  
21 processes.

22 (7) The board may exempt any agency from any or all of the  
23 requirements of this section.

24 **Sec. 9.** RCW 43.105.180 and 1999 c 80 s 11 are each amended to read  
25 as follows:

26 EVALUATION OF BUDGET REQUESTS. Upon request of the office of  
27 financial management, the department and the committee shall evaluate  
28 agency budget requests for major information technology projects  
29 identified under RCW 43.105.190, including those proposed by the  
30 superintendent of public instruction, in conjunction with educational  
31 service districts, or statewide or regional providers of K-12 education  
32 information technology services. The department shall submit  
33 recommendations for funding all or part of such requests to the office  
34 of financial management.

35 The department, with the advice and approval of the office of  
36 financial management and in consultation with the committee, shall  
37 establish criteria, consistent with portfolio-based information  
38 technology management, for the evaluation of agency budget requests

1 under this section. These budget requests shall be made in the context  
2 of an agency's information technology portfolio; technology initiatives  
3 underlying budget requests are subject to board review. Criteria shall  
4 include, but not be limited to: Feasibility of the proposed projects,  
5 consistency with the state strategic information technology plan,  
6 consistency with information technology portfolios, appropriate  
7 provision for public electronic access to information and services,  
8 costs, and benefits, and for major projects, information that will be  
9 needed to develop the expenditure and oversight plan required under  
10 section 4 of this act.

11 **Sec. 10.** RCW 43.105.190 and 1999 c 80 s 12 are each amended to  
12 read as follows:

13 STANDARDS AND POLICIES. (1) The department, with the approval of  
14 the board and the committee, shall establish standards and policies  
15 governing the planning, implementation, and evaluation of major  
16 information technology projects, including those proposed by the  
17 superintendent of public instruction, in conjunction with educational  
18 service districts, or statewide or regional providers of K-12 education  
19 information technology services. In addition to the requirements of  
20 this section, major projects are subject to the oversight and  
21 expenditure plan requirements of section 4 of this act. The standards  
22 and policies shall:

23 (a) Establish criteria to identify projects which are subject to  
24 this section. Such criteria shall include, but not be limited to,  
25 significant anticipated cost, complexity, or statewide significance of  
26 the project; and

27 (b) Establish a model process and procedures which agencies shall  
28 follow in developing and implementing projects within their information  
29 technology portfolios. Agencies may propose, for approval by the  
30 department, a process and procedures unique to the agency. The  
31 department may accept or require modification of such agency proposals  
32 or the department may reject such agency proposals and require use of  
33 the model process and procedures established under this subsection.  
34 Any process and procedures developed under this subsection shall  
35 require (i) distinct and identifiable phases upon which funding may be  
36 based, (ii) user validation of products through system demonstrations  
37 and testing of prototypes and deliverables, and (iii) other elements  
38 identified by the board.

1       (~~The director may terminate a major project if the director~~  
2 ~~determines that the project is not meeting or is not expected to meet~~  
3 ~~anticipated performance standards.~~

4       ~~(2) The office of financial management shall establish policies and~~  
5 ~~standards consistent with portfolio-based information technology~~  
6 ~~management to govern the funding of projects developed under this~~  
7 ~~section. The policies and standards shall provide for:~~

8       ~~(a) Funding of a project under terms and conditions mutually agreed~~  
9 ~~to by the director, the director of financial management, and the head~~  
10 ~~of the agency proposing the project. However, the office of financial~~  
11 ~~management may require incremental funding of a project on a phase-by-~~  
12 ~~phase basis whereby funds for a given phase of a project may be~~  
13 ~~released only when the office of financial management determines, with~~  
14 ~~the advice of the department, that the previous phase is satisfactorily~~  
15 ~~completed;~~

16       ~~(b) Acceptance testing of products to assure that products perform~~  
17 ~~satisfactorily before they are accepted and final payment is made; and~~

18       ~~(c) Other elements deemed necessary by the office of financial~~  
19 ~~management.~~

20       ~~(3))~~ (2) The department shall evaluate projects based on the  
21 demonstrated business needs and benefits; cost; technology scope and  
22 feasibility; impact on the agency's information technology portfolio  
23 and on the statewide infrastructure; and final project implementation  
24 plan based upon available funding.

25       Copies of project evaluations conducted under this subsection shall  
26 be submitted to the office of financial management and the chairs,  
27 ranking minority members, and staff coordinators of the appropriations  
28 committees of the senate and house of representatives.

29       If there are projects that receive funding from a transportation  
30 fund or account, copies of those projects' evaluations conducted under  
31 this subsection must be submitted, during the legislative session, to  
32 the chairs and ranking minority members of the transportation  
33 committees of the senate and the house of representatives. During the  
34 legislative interim, the project evaluations must be submitted to the  
35 legislative transportation committee.

36       NEW SECTION. **Sec. 11.** A new section is added to chapter 43.105  
37 RCW to read as follows:

1 AGENCY PLANNING. (1) Agency planning and decisions concerning  
2 information technology shall be made in the context of its information  
3 technology portfolio so that: Technology efforts are linked to agency  
4 objectives and business plans; the impact of new investments on  
5 existing infrastructure and business functions are assessed and  
6 understood before implementation; and agency activities are consistent  
7 with the development of an integrated, nonduplicative statewide  
8 infrastructure.

9 (2) Agencies shall use their information technology portfolios in  
10 making decisions on matters related to the following:

11 (a) System refurbishment, acquisitions, and development efforts;

12 (b) Setting goals and objectives for using information technology  
13 in meeting legislatively mandated missions and business needs;

14 (c) Assessment of overall information processing performance,  
15 resources, and capabilities;

16 (d) Ensuring appropriate transfer of technological expertise for  
17 the operation of any new systems developed using external resources;  
18 and

19 (e) Progress toward enabling electronic access to public  
20 information.

21 (3) Each project will be planned and designed to take optimal  
22 advantage of internet technologies and protocols. Agencies shall  
23 ensure that the project is in compliance with the architecture,  
24 infrastructure, principles, policies, and standards of digital  
25 government as maintained by the board.

26 (4) The agency shall produce a feasibility study for information  
27 technology projects at the direction of the board and in accordance  
28 with published department policies and guidelines. At a minimum, these  
29 studies shall include a statement of: (a) The purpose or impetus for  
30 change; (b) the business value to the agency, including an examination  
31 and evaluation of benefits, advantages, and cost; (c) a comprehensive  
32 risk assessment based on the proposed project's impact on both citizens  
33 and state operations, its visibility, and the consequences of doing  
34 nothing; (d) the impact on agency and statewide information  
35 infrastructure; and (e) the impact of the proposed enhancements to an  
36 agency's information technology capabilities on meeting service  
37 delivery demands.

38 (5) The agency shall produce a comprehensive management plan for  
39 each project. The plan or plans shall address all factors critical to

1 successful completion of each project. A plan shall include, but is  
2 not limited to, the following elements: A description of the problem  
3 or opportunity that the information technology project is intended to  
4 address; a statement of project objectives and assumptions; a  
5 definition and schedule of phases, tasks, and activities to be  
6 accomplished; and the estimated cost of each phase. The planning for  
7 the phased approach shall be such that the business case justification  
8 for a project needs to demonstrate how the project recovers cost or  
9 adds measurable value or positive cost benefit to the agency's business  
10 functions within each development cycle.

11 (6) The agency shall produce quality assurance plans for  
12 information technology projects. Consistent with the direction of the  
13 board and the published policies and guidelines of the department, the  
14 quality assurance plan shall address all factors critical to successful  
15 completion of the project and successful integration with the agency  
16 and state information technology infrastructure. At a minimum, quality  
17 assurance plans shall provide time and budget benchmarks against which  
18 project progress can be measured, a specification of quality assurance  
19 responsibilities, and a statement of reporting requirements. The  
20 quality assurance plans shall set out the functionality requirements  
21 for each phase of a project.

22 (7) A copy of each feasibility study, project management plan, and  
23 quality assurance plan shall be provided to the department, the  
24 committee, the office of financial management, and legislative fiscal  
25 committees.

26 (8) For major projects, the feasibility study, project management  
27 plan, and quality assurance plan shall be considered by the committee  
28 when the committee develops its oversight and expenditure plan under  
29 section 4 of this act.

30 NEW SECTION. **Sec. 12.** A new section is added to chapter 43.105  
31 RCW to read as follows:

32 INFORMATION TECHNOLOGY POOL FUND CREATED. The information  
33 technology pool fund is created in the custody of the state treasurer.  
34 All appropriations provided for deposit in the information technology  
35 pool fund and all repayments received under the agency technology  
36 initiative program established in section 5 of this act must be  
37 deposited in the information technology pool fund. All moneys  
38 appropriated to the fund shall not lapse upon the close of the fiscal

1 biennium and shall remain available for expenditure without an  
2 additional appropriation. Only the committee may authorize  
3 expenditures from the account. An appropriation is not required for  
4 expenditure, but the fund is subject to allotment procedures under  
5 chapter 43.88 RCW.

6 **Sec. 13.** RCW 43.79A.040 and 2001 c 201 s 4 and 2001 c 184 s 4 are  
7 each reenacted and amended to read as follows:

8 INFORMATION TECHNOLOGY POOL FUND RETAINS ITS OWN INTEREST EARNINGS.

9 (1) Money in the treasurer's trust fund may be deposited, invested, and  
10 reinvested by the state treasurer in accordance with RCW 43.84.080 in  
11 the same manner and to the same extent as if the money were in the  
12 state treasury.

13 (2) All income received from investment of the treasurer's trust  
14 fund shall be set aside in an account in the treasury trust fund to be  
15 known as the investment income account.

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

24 (4)(a) Monthly, the state treasurer shall distribute the earnings  
25 credited to the investment income account to the state general fund  
26 except under (b) and (c) of this subsection.

27 (b) The following accounts and funds shall receive their  
28 proportionate share of earnings based upon each account's or fund's  
29 average daily balance for the period: The college savings program  
30 account, the Washington advanced college tuition payment program  
31 account, the agricultural local fund, the American Indian scholarship  
32 endowment fund, the basic health plan self-insurance reserve account,  
33 the Washington international exchange scholarship endowment fund, the  
34 developmental disabilities endowment trust fund, the energy account,  
35 the fair fund, the game farm alternative account, the grain inspection  
36 revolving fund, the information technology pool fund, the juvenile  
37 accountability incentive account, the rural rehabilitation account, the  
38 stadium and exhibition center account, the youth athletic facility

1 account, the self-insurance revolving fund, the sulfur dioxide  
2 abatement account, and the children's trust fund. However, the  
3 earnings to be distributed shall first be reduced by the allocation to  
4 the state treasurer's service fund pursuant to RCW 43.08.190.

5 (c) 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 advanced right of way  
8 revolving fund, the advanced environmental mitigation revolving  
9 account, the city and county advance right-of-way revolving fund, the  
10 federal narcotics asset forfeitures account, the high occupancy vehicle  
11 account, the local rail service assistance account, and the  
12 miscellaneous transportation programs account.

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

16 NEW SECTION. **Sec. 14.** CAPTIONS. Captions used in this act are  
17 not any part of the law.

18 NEW SECTION. **Sec. 15.** EFFECTIVE DATE. This act takes effect July  
19 1, 2003.

--- END ---