
SENATE BILL 5315

State of Washington

57th Legislature

2001 Regular Session

By Senators Fraser and Morton; by request of Department of Health

Read first time 01/18/2001. Referred to Committee on Environment,
Energy & Water.

1 AN ACT Relating to naming drinking water assistance subaccounts to
2 place them in interest-bearing accounts; amending RCW 43.84.092,
3 43.84.092, and 70.119A.170; creating a new section; providing an
4 effective date; and providing an expiration date.

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

6 NEW SECTION. **Sec. 1.** This act is needed to comply with federal
7 law, which is the source of funds in the drinking water assistance
8 account, used to fund the Washington state drinking water loan program
9 as part of the federal safe drinking water act.

10 **Sec. 2.** RCW 43.84.092 and 2000 2nd sp.s. c 4 s 5 are each amended
11 to read as follows:

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

15 (2) The treasury income account shall be utilized to pay or receive
16 funds associated with federal programs as required by the federal cash
17 management improvement act of 1990. The treasury income account is
18 subject in all respects to chapter 43.88 RCW, but no appropriation is

1 required for refunds or allocations of interest earnings required by
2 the cash management improvement act. Refunds of interest to the
3 federal treasury required under the cash management improvement act
4 fall under RCW 43.88.180 and shall not require appropriation. The
5 office of financial management shall determine the amounts due to or
6 from the federal government pursuant to the cash management improvement
7 act. The office of financial management may direct transfers of funds
8 between accounts as deemed necessary to implement the provisions of the
9 cash management improvement act, and this subsection. Refunds or
10 allocations shall occur prior to the distributions of earnings set
11 forth in subsection (4) of this section.

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

20 (4) Monthly, the state treasurer shall distribute the earnings
21 credited to the treasury income account. The state treasurer shall
22 credit the general fund with all the earnings credited to the treasury
23 income account except:

24 (a) The following accounts and funds shall receive their
25 proportionate share of earnings based upon each account's and fund's
26 average daily balance for the period: The capitol building
27 construction account, the Cedar River channel construction and
28 operation account, the Central Washington University capital projects
29 account, the charitable, educational, penal and reformatory
30 institutions account, the common school construction fund, the county
31 criminal justice assistance account, the county sales and use tax
32 equalization account, the data processing building construction
33 account, the deferred compensation administrative account, the deferred
34 compensation principal account, the department of retirement systems
35 expense account, the drinking water assistance account, the drinking
36 water assistance administrative account, the drinking water assistance
37 repayment account, the Eastern Washington University capital projects
38 account, the education construction fund, the emergency reserve fund,
39 the federal forest revolving account, the health services account, the

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

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

5 (b) The following accounts and funds shall receive eighty percent
6 of their proportionate share of earnings based upon each account's or
7 fund's average daily balance for the period: The aeronautics account,
8 the aircraft search and rescue account, the county arterial
9 preservation account, the department of licensing services account, the
10 essential rail assistance account, the ferry bond retirement fund, the
11 grade crossing protective fund, the high capacity transportation
12 account, the highway bond retirement fund, the highway safety account,
13 the motor vehicle fund, the motorcycle safety education account, the
14 pilotage account, the public transportation systems account, the Puget
15 Sound capital construction account, the Puget Sound ferry operations
16 account, the recreational vehicle account, the rural arterial trust
17 account, the safety and education account, the special category C
18 account, the state patrol highway account, the transportation equipment
19 fund, the transportation fund, the transportation improvement account,
20 the transportation improvement board bond retirement account, and the
21 urban arterial trust account.

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

25 **Sec. 3.** RCW 43.84.092 and 2000 2nd sp.s. c 4 s 6 are each amended
26 to read as follows:

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

30 (2) The treasury income account shall be utilized to pay or receive
31 funds associated with federal programs as required by the federal cash
32 management improvement act of 1990. The treasury income account is
33 subject in all respects to chapter 43.88 RCW, but no appropriation is
34 required for refunds or allocations of interest earnings required by
35 the cash management improvement act. Refunds of interest to the
36 federal treasury required under the cash management improvement act
37 fall under RCW 43.88.180 and shall not require appropriation. The
38 office of financial management shall determine the amounts due to or

1 from the federal government pursuant to the cash management improvement
2 act. The office of financial management may direct transfers of funds
3 between accounts as deemed necessary to implement the provisions of the
4 cash management improvement act, and this subsection. Refunds or
5 allocations shall occur prior to the distributions of earnings set
6 forth in subsection (4) of this section.

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

15 (4) Monthly, the state treasurer shall distribute the earnings
16 credited to the treasury income account. The state treasurer shall
17 credit the general fund with all the earnings credited to the treasury
18 income account except:

19 (a) The following accounts and funds shall receive their
20 proportionate share of earnings based upon each account's and fund's
21 average daily balance for the period: The capitol building
22 construction account, the Cedar River channel construction and
23 operation account, the Central Washington University capital projects
24 account, the charitable, educational, penal and reformatory
25 institutions account, the common school construction fund, the county
26 criminal justice assistance account, the county sales and use tax
27 equalization account, the data processing building construction
28 account, the deferred compensation administrative account, the deferred
29 compensation principal account, the department of retirement systems
30 expense account, the drinking water assistance account, the drinking
31 water assistance administrative account, the drinking water assistance
32 repayment account, the Eastern Washington University capital projects
33 account, the education construction fund, the emergency reserve fund,
34 the federal forest revolving account, the health services account, the
35 public health services account, the health system capacity account, the
36 personal health services account, the state higher education
37 construction account, the higher education construction account, the
38 highway infrastructure account, the industrial insurance premium refund
39 account, the judges' retirement account, the judicial retirement

1 administrative account, the judicial retirement principal account, the
2 local leasehold excise tax account, the local real estate excise tax
3 account, the local sales and use tax account, the medical aid account,
4 the mobile home park relocation fund, the multimodal transportation
5 account, the municipal criminal justice assistance account, the
6 municipal sales and use tax equalization account, the natural resources
7 deposit account, the perpetual surveillance and maintenance account,
8 the public employees' retirement system plan 1 account, the public
9 employees' retirement system combined plan 2 and plan 3 account, the
10 Puyallup tribal settlement account, the resource management cost
11 account, the site closure account, the special wildlife account, the
12 state employees' insurance account, the state employees' insurance
13 reserve account, the state investment board expense account, the state
14 investment board commingled trust fund accounts, the supplemental
15 pension account, the teachers' retirement system plan 1 account, the
16 teachers' retirement system combined plan 2 and plan 3 account, the
17 tobacco prevention and control account, the tobacco settlement account,
18 the transportation infrastructure account, the tuition recovery trust
19 fund, the University of Washington bond retirement fund, the University
20 of Washington building account, the volunteer fire fighters' and
21 reserve officers' relief and pension principal fund, the volunteer fire
22 fighters' and reserve officers' administrative fund, the Washington
23 judicial retirement system account, the Washington law enforcement
24 officers' and fire fighters' system plan 1 retirement account, the
25 Washington law enforcement officers' and fire fighters' system plan 2
26 retirement account, the Washington school employees' retirement system
27 combined plan 2 and 3 account, the Washington state health insurance
28 pool account, the Washington state patrol retirement account, the
29 Washington State University building account, the Washington State
30 University bond retirement fund, the water pollution control revolving
31 fund, and the Western Washington University capital projects account.
32 Earnings derived from investing balances of the agricultural permanent
33 fund, the normal school permanent fund, the permanent common school
34 fund, the scientific permanent fund, and the state university permanent
35 fund shall be allocated to their respective beneficiary accounts. All
36 earnings to be distributed under this subsection (4)(a) shall first be
37 reduced by the allocation to the state treasurer's service fund
38 pursuant to RCW 43.08.190.

1 (b) The following accounts and funds shall receive eighty percent
2 of their proportionate share of earnings based upon each account's or
3 fund's average daily balance for the period: The aeronautics account,
4 the aircraft search and rescue account, the county arterial
5 preservation account, the department of licensing services account, the
6 essential rail assistance account, the ferry bond retirement fund, the
7 grade crossing protective fund, the high capacity transportation
8 account, the highway bond retirement fund, the highway safety account,
9 the motor vehicle fund, the motorcycle safety education account, the
10 pilotage account, the public transportation systems account, the Puget
11 Sound capital construction account, the Puget Sound ferry operations
12 account, the recreational vehicle account, the rural arterial trust
13 account, the safety and education account, the special category C
14 account, the state patrol highway account, the transportation equipment
15 fund, the transportation fund, the transportation improvement account,
16 the transportation improvement board bond retirement account, and the
17 urban arterial trust account.

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

21 **Sec. 4.** RCW 70.119A.170 and 1997 c 218 s 4 are each amended to
22 read as follows:

23 (1) A drinking water assistance account is created in the state
24 treasury. Such subaccounts as are necessary to carry out the purposes
25 of this chapter are permitted to be established within the account.
26 Therefore, the drinking water assistance administrative account and the
27 drinking water assistance repayment account are created in the state
28 treasury. The purpose of the account is to allow the state to use any
29 federal funds that become available to states from congress to fund a
30 state revolving loan fund program as part of the reauthorization of the
31 federal safe drinking water act. Expenditures from the account may
32 only be made by the secretary, the public works board, or the
33 department of community, trade, and economic development, after
34 appropriation. Moneys in the account may only be used, consistent with
35 federal law, to assist water systems to provide safe drinking water
36 through a program administered through the department of health, the
37 public works board, and the department of community, trade, and
38 economic development and for other activities authorized under federal

1 law. Money may be placed in the account from the proceeds of bonds
2 when authorized by the legislature, transfers from other state funds or
3 accounts, federal capitalization grants or other financial assistance,
4 all repayments of moneys borrowed from the account, all interest
5 payments made by borrowers from the account or otherwise earned on the
6 account, or any other lawful source. All interest earned on moneys
7 deposited in the account, including repayments, shall remain in the
8 account and may be used for any eligible purpose. Moneys in the
9 account may only be used to assist local governments and water systems
10 to provide safe and reliable drinking water, for other services and
11 assistance authorized by federal law to be funded from these federal
12 funds, and to administer the program.

13 (2) The department and the public works board shall establish and
14 maintain a program to use the moneys in the drinking water assistance
15 account as provided by the federal government under the safe drinking
16 water act. The department and the public works board, in consultation
17 with purveyors, local governments, local health jurisdictions,
18 financial institutions, commercial construction interests, other state
19 agencies, and other affected and interested parties, shall by January
20 1, 1999, adopt final joint rules and requirements for the provision of
21 financial assistance to public water systems as authorized under
22 federal law. Prior to the effective date of the final rules, the
23 department and the public works board may establish and utilize
24 guidelines for the sole purpose of ensuring the timely procurement of
25 financial assistance from the federal government under the safe
26 drinking water act, but such guidelines shall be converted to rules by
27 January 1, 1999. The department and the public works board shall make
28 every reasonable effort to ensure the state's receipt and disbursement
29 of federal funds to eligible public water systems as quickly as
30 possible after the federal government has made them available. By
31 December 15, 1997, the department and the public works board shall
32 provide a report to the appropriate committees of the legislature
33 reflecting the input from the affected interests and parties on the
34 status of the program. The report shall include significant issues and
35 concerns, the status of rule making and guidelines, and a plan for the
36 adoption of final rules.

37 (3) If the department, public works board, or any other department,
38 agency, board, or commission of state government participates in
39 providing service under this section, the administering entity shall

1 endeavor to provide cost-effective and timely services. Mechanisms to
2 provide cost-effective and timely services include: (a) Adopting
3 federal guidelines by reference into administrative rules; (b) using
4 existing management mechanisms rather than creating new administrative
5 structures; (c) investigating the use of service contracts, either with
6 other governmental entities or with nongovernmental service providers;
7 (d) the use of joint or combined financial assistance applications; and
8 (e) any other method or practice designed to streamline and expedite
9 the delivery of services and financial assistance.

10 (4) The department shall have the authority to establish assistance
11 priorities and carry out oversight and related activities, other than
12 financial administration, with respect to assistance provided with
13 federal funds. The department, the public works board, and the
14 department of community, trade, and economic development shall jointly
15 develop, with the assistance of water purveyors and other affected and
16 interested parties, a memorandum of understanding setting forth
17 responsibilities and duties for each of the parties. The memorandum of
18 understanding at a minimum, shall include:

19 (a) Responsibility for developing guidelines for providing
20 assistance to public water systems and related oversight prioritization
21 and oversight responsibilities including requirements for
22 prioritization of loans or other financial assistance to public water
23 systems;

24 (b) Department submittal of preapplication information to the
25 public works board for review and comment;

26 (c) Department submittal of a prioritized list of projects to the
27 public works board for determination of:

28 (i) Financial capability of the applicant; and

29 (ii) Readiness to proceed, or the ability of the applicant to
30 promptly commence the project;

31 (d) A process for determining consistency with existing water
32 resource planning and management, including coordinated water supply
33 plans, regional water resource plans, and comprehensive plans under the
34 growth management act, chapter 36.70A RCW;

35 (e) A determination of:

36 (i) Least-cost solutions, including consolidation and restructuring
37 of small systems, where appropriate, into more economical units;

38 (ii) The provision of regional facilities;

1 (iii) Projects and activities that facilitate compliance with the
2 federal safe drinking water act; and
3 (iv) Projects and activities that are intended to achieve the
4 public health objectives of federal and state drinking water laws;
5 (f) Implementation of water conservation and other demand
6 management measures consistent with state guidelines for water
7 utilities;
8 (g) Assistance for the necessary planning and engineering to assure
9 that consistency, coordination, and proper professional review are
10 incorporated into projects or activities proposed for funding;
11 (h) Minimum standards for water system capacity, financial
12 viability, and water system planning;
13 (i) Testing and evaluation of the water quality of the state's
14 public water system to assure that priority for financial assistance is
15 provided to systems and areas with threats to public health from
16 contaminated supplies and reduce in appropriate cases the substantial
17 increases in costs and rates that customers of small systems would
18 otherwise incur under the monitoring and testing requirements of the
19 federal safe drinking water act;
20 (j) Coordination, to the maximum extent possible, with other state
21 programs that provide financial assistance to public water systems and
22 state programs that address existing or potential water quality or
23 drinking contamination problems;
24 (k) Definitions of "affordability" and "disadvantaged community"
25 that are consistent with these and similar terms in use by other state
26 or federal assistance programs;
27 (l) Criteria for the financial assistance program for public water
28 systems, which shall include, but are not limited to:
29 (i) Determining projects addressing the most serious risk to human
30 health;
31 (ii) Determining the capacity of the system to effectively manage
32 its resources, including meeting state financial viability criteria;
33 and
34 (iii) Determining the relative benefit to the community served; and
35 (m) Ensure that each agency fulfills the audit, accounting, and
36 reporting requirements under federal law for its portion of the
37 administration of this program.
38 (5) The department and the public works board shall begin the
39 process to disburse funds no later than October 1, 1997, and shall

1 adopt such rules as are necessary under chapter 34.05 RCW to administer
2 the program by January 1, 1999.

3 NEW SECTION. **Sec. 5.** Section 2 of this act expires March 1, 2002.

4 NEW SECTION. **Sec. 6.** Section 3 of this act takes effect March 1,
5 2002.

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