

---

**SUBSTITUTE HOUSE BILL 2275**

---

**State of Washington**

**58th Legislature**

**2004 Regular Session**

**By** House Committee on Capital Budget (originally sponsored by Representatives Mastin and Dunshee)

READ FIRST TIME 02/06/04.

1 AN ACT Relating to expanding the criteria for habitat conservation  
2 programs; amending RCW 79A.15.010, 79A.15.030, 79A.15.040, 79A.15.050,  
3 79A.15.060, 79A.15.070, 79A.15.080, 84.33.140, and 77.12.203;  
4 reenacting and amending RCW 43.84.092 and 43.84.092; adding new  
5 sections to chapter 79A.15 RCW; adding a new section to chapter 79.70  
6 RCW; adding a new section to chapter 79.71 RCW; providing an effective  
7 date; and providing an expiration date.

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

9 **Sec. 1.** RCW 79A.15.010 and 1990 1st ex.s. c 14 s 2 are each  
10 amended to read as follows:

11 The definitions set forth in this section apply throughout this  
12 chapter.

13 (1) "Acquisition" means the purchase on a willing seller basis of  
14 fee or less than fee interests in real property. These interests  
15 include, but are not limited to, options, rights of first refusal,  
16 conservation easements, leases, and mineral rights.

17 (2) "Committee" means the interagency committee for outdoor  
18 recreation.

1 (3) "Critical habitat" means lands important for the protection,  
2 management, or public enjoyment of certain wildlife species or groups  
3 of species, including, but not limited to, wintering range for deer,  
4 elk, and other species, waterfowl and upland bird habitat, fish  
5 habitat, and habitat for endangered, threatened, or sensitive species.

6 (4) "Farmlands" means any land defined as "farm and agricultural  
7 land" in RCW 84.34.020(2).

8 (5) "Local agencies" means a city, county, town, federally  
9 recognized Indian tribe, special purpose district, port district, or  
10 other political subdivision of the state providing services to less  
11 than the entire state.

12 ((+5)) (6) "Natural areas" means areas that have, to a significant  
13 degree, retained their natural character and are important in  
14 preserving rare or vanishing flora, fauna, geological, natural  
15 historical, or similar features of scientific or educational value.

16 ((+6)) (7) "Riparian habitat" means land adjacent to water bodies,  
17 as well as submerged land such as streambeds, which can provide  
18 functional habitat for salmonids and other fish and wildlife species.  
19 Riparian habitat includes, but is not limited to, shorelines and near-  
20 shore marine habitat, estuaries, lakes, wetlands, streams, and rivers.

21 (8) "Special needs populations" means physically restricted people  
22 or people of limited means.

23 ((+7)) (9) "State agencies" means the state parks and recreation  
24 commission, the department of natural resources, the department of  
25 general administration, and the department of fish and wildlife.

26 (10) "Trails" means public ways constructed for and open to  
27 pedestrians, equestrians, or bicyclists, or any combination thereof,  
28 other than a sidewalk constructed as a part of a city street or county  
29 road for exclusive use of pedestrians.

30 ((+8)) (11) "Urban wildlife habitat" means lands that provide  
31 habitat important to wildlife in proximity to a metropolitan area.

32 ((+9)) (12) "Water access" means boat or foot access to marine  
33 waters, lakes, rivers, or streams.

34 **Sec. 2.** RCW 79A.15.030 and 2000 c 11 s 66 are each amended to read  
35 as follows:

36 (1) Moneys appropriated for this chapter shall be divided ((equally

1 ~~between the habitat conservation and outdoor recreation accounts and~~  
2 ~~shall be used exclusively for the purposes specified in this chapter))~~  
3 as follows:

4 (a) Appropriations for a biennium of forty million dollars or less  
5 must be allocated equally between the habitat conservation account and  
6 the outdoor recreation account.

7 (b) If appropriations for a biennium total more than forty million  
8 dollars, the money must be allocated as follows: (i) Twenty million  
9 dollars to the habitat conservation account and twenty million dollars  
10 to the outdoor recreation account; (ii) any amount over forty million  
11 dollars up to fifty million dollars shall be allocated as follows: (A)  
12 Ten percent to the habitat conservation account; (B) ten percent to the  
13 outdoor recreation account; (C) forty percent to the riparian  
14 protection account; and (D) forty percent to the farmlands preservation  
15 account; and (iii) any remaining amounts over fifty million dollars  
16 must be allocated as follows: (A) Thirty percent to the habitat  
17 conservation account; (B) thirty percent to the outdoor recreation  
18 account; (C) thirty percent to the riparian protection account; and (D)  
19 ten percent to the farmlands preservation account.

20 (2) Except as otherwise provided in this act, moneys deposited in  
21 these accounts shall be invested as authorized for other state funds,  
22 and any earnings on them shall be credited to the respective account.

23 (3) All moneys deposited in the habitat conservation ((and)),  
24 outdoor recreation, riparian protection, and farmlands preservation  
25 accounts shall be allocated as provided under RCW 79A.15.040 ((and)),  
26 79A.15.050, and sections 5 and 6 of this act as grants to state or  
27 local agencies for acquisition, development, and renovation within the  
28 jurisdiction of those agencies, subject to legislative appropriation.  
29 The committee may use or permit the use of any funds appropriated for  
30 this chapter as matching funds where federal, local, or other funds are  
31 made available for projects within the purposes of this chapter.

32 (4) Projects receiving grants under this chapter that are developed  
33 or otherwise accessible for public recreational uses shall be available  
34 to the public ((on a nondiscriminatory basis)).

35 (5) The committee may make grants to an eligible project from  
36 ((both)) the habitat conservation ((and)), outdoor recreation, riparian  
37 protection, and farmlands preservation accounts and any one or more of

1 the applicable categories under such accounts described in RCW  
2 79A.15.040 ~~((and))~~, 79A.15.050, and sections 5 and 6 of this act.

3 (6) The committee may accept private donations to the habitat  
4 conservation account, the outdoor recreation account, the riparian  
5 protection account, and the farmlands preservation account for the  
6 purposes specified in this chapter.

7 (7) The committee may apply up to three percent of the funds  
8 appropriated for this chapter for the administration of the programs  
9 and purposes specified in this chapter.

10 **Sec. 3.** RCW 79A.15.040 and 1999 c 379 s 917 are each amended to  
11 read as follows:

12 (1) Moneys appropriated for this chapter to the habitat  
13 conservation account shall be distributed in the following way:

14 (a) Not less than ~~((thirty-five))~~ forty-five percent for the  
15 acquisition and development of critical habitat;

16 (b) Not less than ~~((twenty))~~ thirty percent for the acquisition and  
17 development of natural areas;

18 (c) Not less than ~~((fifteen))~~ twenty percent for the acquisition  
19 and development of urban wildlife habitat; and

20 (d) The remaining amount shall be considered unallocated and shall  
21 be used by the committee to fund high priority acquisition and  
22 development needs for critical habitat, natural areas, and urban  
23 wildlife habitat. ~~((During the fiscal biennium ending June 30, 2001,~~  
24 ~~the remaining amount reappropriated from the fiscal biennium ending~~  
25 ~~June 30, 1999, may be allocated for matching grants for riparian zone~~  
26 ~~habitat protection projects that implement watershed plans under the~~  
27 ~~program established in section 329(6), chapter 235, Laws of 1997.))~~

28 (2) In distributing these funds, the committee retains discretion  
29 to meet the most pressing needs for critical habitat, natural areas,  
30 and urban wildlife habitat, and is not required to meet the percentages  
31 described in subsection (1) of this section in any one biennium.

32 (3) Only state agencies may apply for acquisition and development  
33 funds for ~~((critical habitat and))~~ natural areas projects under  
34 subsection (1) ~~((a))~~ (b) ~~((c))~~ and (d) of this section.

35 (4) State and local agencies may apply for acquisition and  
36 development funds for critical habitat and urban wildlife habitat  
37 projects under subsection (1) (a), (c), and (d) of this section.

1       (5)(a) Any lands that have been acquired with grants under this  
2 section by the department of fish and wildlife are subject to an amount  
3 in lieu of real property taxes and an additional amount for control of  
4 noxious weeds as determined by RCW 77.12.203.

5       (b) Any lands that have been acquired with grants under this  
6 section by the department of natural resources are subject to payments  
7 in the amounts required under the provisions of sections 10 and 11 of  
8 this act.

9       **Sec. 4.** RCW 79A.15.050 and 2003 c 184 s 1 are each amended to read  
10 as follows:

11       (1) Moneys appropriated for this chapter to the outdoor recreation  
12 account shall be distributed in the following way:

13       (a) Not less than (~~twenty-five~~) thirty percent to the state parks  
14 and recreation commission for the acquisition and development of state  
15 parks, with at least (~~seventy-five~~) fifty percent of (~~this~~) the  
16 money for acquisition costs(~~(. However, between July 27, 2003, and~~  
17 ~~June 30, 2009, at least fifty percent of this money for the acquisition~~  
18 ~~and development of state parks must be used for acquisition costs));~~

19       (b) Not less than (~~twenty-five~~) thirty percent for the  
20 acquisition, development, and renovation of local parks, with at least  
21 fifty percent of this money for acquisition costs;

22       (c) Not less than (~~fifteen~~) twenty percent for the acquisition  
23 and development of trails;

24       (d) Not less than (~~ten~~) fifteen percent for the acquisition and  
25 development of water access sites, with at least seventy-five percent  
26 of this money for acquisition costs; and

27       (e) The remaining amount shall be considered unallocated and shall  
28 be distributed by the committee to state and local agencies to fund  
29 high priority acquisition and development needs for parks, trails, and  
30 water access sites.

31       (2) In distributing these funds, the committee retains discretion  
32 to meet the most pressing needs for state and local parks, trails, and  
33 water access sites, and is not required to meet the percentages  
34 described in subsection (1) of this section in any one biennium.

35       (3) Only local agencies may apply for acquisition, development, or  
36 renovation funds for local parks under subsection (1)(b) of this  
37 section.

1 (4) Only state and local agencies may apply for funds for trails  
2 under subsection (1)(c) of this section.

3 (5) Only state and local agencies may apply for funds for water  
4 access sites under subsection (1)(d) of this section.

5 NEW SECTION. **Sec. 5.** A new section is added to chapter 79A.15 RCW  
6 to read as follows:

7 (1) The riparian protection account is established in the state  
8 treasury. The committee must administer the account in accordance with  
9 chapter 79A.25 RCW and this chapter, and hold it separate and apart  
10 from all other money, funds, and accounts of the committee.

11 (2) Moneys appropriated for this chapter to the riparian protection  
12 account must be distributed for the acquisition and enhancement or  
13 restoration of riparian habitat. All enhancement or restoration  
14 projects must include the acquisition of a real property interest in  
15 order to be eligible. At least fifty percent of riparian protection  
16 account funds must be used for the acquisition of real property  
17 interests.

18 (3) State and local agencies and lead entities under chapter 77.85  
19 RCW may apply for acquisition and enhancement or restoration funds for  
20 riparian habitat projects under subsection (1) of this section. Other  
21 state agencies not defined in RCW 79A.15.010, such as the department of  
22 transportation and the department of corrections, may enter into  
23 interagency agreements with state agencies to apply in partnership for  
24 funds under this section.

25 (4) The committee may adopt rules establishing acquisition policies  
26 and priorities for distributions from the riparian protection account.

27 (5) Except as provided in RCW 79A.15.030(7), moneys appropriated  
28 for this section may not be used by the committee to fund staff  
29 positions or other overhead expenses, or by a state, regional, or local  
30 agency to fund operation or maintenance of areas acquired under this  
31 chapter.

32 (6) Moneys appropriated for this section may be used by grant  
33 recipients for costs incidental to restoration and acquisition,  
34 including, but not limited to, surveying expenses, fencing, and  
35 signing.

36 (7) The committee may not approve a local project where the local  
37 agency share is less than the amount to be awarded from the riparian

1 protection account. In-kind contributions, including contributions of  
2 a real property interest in land may be used to satisfy the local  
3 agency's share.

4 (8) State agencies receiving grants for acquisition of land under  
5 this section must pay an amount in lieu of real property taxes equal to  
6 the amount of tax that would be due if the land were taxable as open  
7 space land under chapter 84.34 RCW, plus an additional amount for  
8 control of noxious weeds equal to that which would be paid if such  
9 lands were privately owned. The county assessor and county legislative  
10 authority shall assist in determining the appropriate calculation of  
11 the amount of tax that would be due under chapter 84.34 RCW.

12 (9) In determining acquisition priorities with respect to the  
13 riparian protection account, the committee must consider, at a minimum,  
14 the following criteria:

15 (a) Whether the project is eligible for the conservation reserve  
16 enhancement program or the small timber landowner program, or otherwise  
17 enhances participation in riparian programs;

18 (b) Whether the projects are identified or recommended in a  
19 watershed planning process under chapter 247, Laws of 1998, salmon  
20 recovery planning under chapter 77.85 RCW, or habitat conservation  
21 plans, including small timber landowner riparian buffers;

22 (c) Whether there is community support for the project;

23 (d) Whether there is an immediate threat to the site;

24 (e) Whether the quality of the habitat is improved or, for projects  
25 including restoration or enhancement, the potential for restoring  
26 quality habitat including linkage of the site to other high quality  
27 habitat;

28 (f) Whether the project is consistent with a local land use plan,  
29 or a regional or statewide recreational or resource plan. The projects  
30 that assist in the implementation of local shoreline master plans  
31 updated according to RCW 90.58.080 or local comprehensive plans updated  
32 according to RCW 36.70A.130 must be highly considered in the process;  
33 and

34 (g) Whether the site has educational or scientific value.

35 (10) Before November 1st of each even-numbered year, the committee  
36 will recommend to the governor a prioritized list of projects to be  
37 funded under this section. The governor may remove projects from the  
38 list recommended by the committee and will submit this amended list in

1 the capital budget request to the legislature. The list must include,  
2 but not be limited to, a description of each project and any particular  
3 match requirement.

4 NEW SECTION. **Sec. 6.** A new section is added to chapter 79A.15 RCW  
5 to read as follows:

6 (1) The farmlands preservation account is established in the state  
7 treasury. The committee will administer the account in accordance with  
8 chapter 79A.25 RCW and this chapter, and hold it separate and apart  
9 from all other money, funds, and accounts of the committee. Moneys  
10 appropriated for this chapter to the farmlands preservation account  
11 must be distributed for the acquisition and preservation of farmlands  
12 in order to maintain the opportunity for agricultural activity upon  
13 these lands.

14 (2) Moneys appropriated for this chapter to the farmlands  
15 preservation account must be distributed for the fee simple or less  
16 than fee simple acquisition of farmlands, and for the enhancement or  
17 restoration of ecological functions on those properties. In order for  
18 a farmland preservation grant to provide for an environmental  
19 enhancement or restoration project, the project must include the  
20 acquisition of a real property interest in perpetuity. If a city or  
21 county acquires a property through this program in fee simple, the city  
22 or county shall endeavor to secure preservation of the property through  
23 placing a conservation easement, or other form of deed restriction, on  
24 the property which dedicates the land to agricultural use and retains  
25 one or more property rights in perpetuity. Once an easement or other  
26 form of deed restriction is placed on the property, the city or county  
27 shall seek to sell the property, at fair market value, to a person or  
28 persons who will maintain the property in agricultural production. Any  
29 moneys from the sale of the property shall either be used to purchase  
30 interests in additional properties which meet the criteria in  
31 subsection (8) of this section, or to repay the grant from the state  
32 which was originally used to purchase the property.

33 (3) Cities and counties may apply for acquisition and enhancement  
34 or restoration funds for farmland preservation projects within their  
35 jurisdictions under subsection (1) of this section.

36 (4) The committee may adopt rules establishing acquisition and



1 enhancement or restoration policies and priorities for distributions  
2 from the farmlands preservation account.

3 (5) Except as provided in RCW 79A.15.030(7), moneys appropriated  
4 for this section may not be used by the committee to fund staff  
5 positions or other overhead expenses, or by a city or county to fund  
6 operation or maintenance of areas acquired under this chapter.

7 (6) Moneys appropriated for this section may be used by grant  
8 recipients for costs incidental to restoration and acquisition,  
9 including, but not limited to, surveying expenses, fencing, and  
10 signing.

11 (7) The committee may not approve a local project where the local  
12 agency's share is less than the amount to be awarded from the farmlands  
13 preservation account. In-kind contributions, including contributions  
14 of a real property interest in land may be used to satisfy the local  
15 agency or qualified nonprofit organization's share.

16 (8) In determining the acquisition priorities, the committee must  
17 consider, at a minimum, the following criteria:

- 18 (a) Community support for the project;
- 19 (b) A recommendation as part of a limiting factors or critical  
20 pathways analysis, a watershed plan or habitat conservation plan, or a  
21 coordinated regionwide prioritization effort;
- 22 (c) The likelihood of the conversion of the site to nonagricultural  
23 or more highly developed usage;
- 24 (d) Consistency with a local land use plan, or a regional or  
25 statewide recreational or resource plan. The projects that assist in  
26 the implementation of local shoreline master plans updated according to  
27 RCW 90.58.080 or local comprehensive plans updated according to RCW  
28 36.70A.130 must be highly considered in the process;
- 29 (e) Benefits to salmonids;
- 30 (f) Benefits to other fish and wildlife habitat;
- 31 (g) Integration with recovery efforts for endangered, threatened,  
32 or sensitive species;
- 33 (h) The viability of the site for continued agricultural  
34 production, including, but not limited to:
  - 35 (i) Soil types;
  - 36 (ii) On-site production and support facilities such as barns,  
37 irrigation systems, crop processing and storage facilities, wells,  
38 housing, livestock sheds, and other farming infrastructure;

1 (iii) Suitability for producing different types or varieties of  
2 crops;  
3 (iv) Farm-to-market access;  
4 (v) Water availability; and  
5 (i) Other community values provided by the property when used as  
6 agricultural land, including, but not limited to:  
7 (i) Viewshed;  
8 (ii) Aquifer recharge;  
9 (iii) Occasional or periodic collector for storm water runoff;  
10 (iv) Agricultural sector job creation;  
11 (v) Migratory bird habitat and forage area; and  
12 (vi) Educational and curriculum potential.  
13 (9) In allotting funds for environmental enhancement or restoration  
14 projects, the committee will require the projects to meet the following  
15 criteria:  
16 (a) Enhancement or restoration projects must further the ecological  
17 functions of the farmlands;  
18 (b) The projects, such as fencing, bridging watercourses,  
19 replanting native vegetation, replacing culverts, clearing of  
20 waterways, etc., must be less than fifty percent of the acquisition  
21 cost of the project including any in-kind contribution by any party;  
22 (c) The projects should be based on accepted methods of achieving  
23 beneficial enhancement or restoration results; and  
24 (d) The projects should enhance the viability of the preserved  
25 farmland to provide agricultural production while conforming to any  
26 legal requirements for habitat protection.  
27 (10) Before November 1st of each even-numbered year, the committee  
28 will recommend to the governor a prioritized list of all projects to be  
29 funded under this section. The governor may remove projects from the  
30 list recommended by the committee and must submit this amended list in  
31 the capital budget request to the legislature. The list must include,  
32 but not be limited to, a description of each project and any particular  
33 match requirement.

34 **Sec. 7.** RCW 79A.15.060 and 2000 c 11 s 67 are each amended to read  
35 as follows:

36 (1) The committee may adopt rules establishing acquisition policies  
37 and priorities for distributions from the habitat conservation account.

1           (2) Except as provided in RCW 79A.15.030(7), moneys appropriated  
2 for this chapter may not be used by the committee to fund  
3 ~~((additional))~~ staff positions or other overhead expenses, or by a  
4 state, regional, or local agency to fund operation ~~((and))~~ or  
5 maintenance of areas acquired under this chapter~~((, except that the~~  
6 ~~committee may use moneys appropriated for this chapter for the fiscal~~  
7 ~~biennium ending June 30, 2001, for the administrative costs of~~  
8 ~~implementing the pilot watershed plan implementation program~~  
9 ~~established in section 329(6), chapter 235, Laws of 1997, and~~  
10 ~~developing an inventory of publicly owned lands established in section~~  
11 ~~329(7), chapter 235, Laws of 1997)).~~

12           (3) Moneys appropriated for this chapter may be used by grant  
13 recipients for costs incidental to acquisition, including, but not  
14 limited to, surveying expenses, fencing, and signing.

15           (4) ~~((Except as provided in subsection (5) of this section,))~~ The  
16 committee may not approve a local project where the local agency share  
17 is less than the amount to be awarded from the habitat conservation  
18 account.

19           (5) ~~((During the fiscal biennium ending June 30, 2001, the~~  
20 ~~committee may approve a riparian zone habitat protection project~~  
21 ~~established in section 329(6), chapter 235, Laws of 1997, where the~~  
22 ~~local agency share is less than the amount to be awarded from the~~  
23 ~~habitat conservation account.~~

24           ~~(6))~~ In determining acquisition priorities with respect to the  
25 habitat conservation account, the committee shall consider, at a  
26 minimum, the following criteria:

- 27           (a) For critical habitat and natural areas proposals:
- 28           (i) Community support for the project;
- 29           (ii) Recommendations as part of a limiting factors or critical  
30 pathways analysis, a watershed plan or habitat conservation plan, or a  
31 coordinated regionwide prioritization effort;
- 32           (iii) Immediacy of threat to the site;
- 33           ~~((iii))~~ (iv) Uniqueness of the site;
- 34           ~~((iv))~~ (v) Diversity of species using the site;
- 35           ~~((v))~~ (vi) Quality of the habitat;
- 36           ~~((vi))~~ (vii) Long-term viability of the site;
- 37           ~~((vii))~~ (viii) Presence of endangered, threatened, or sensitive  
38 species;

1       (~~(viii)~~) (ix) Enhancement of existing public property;  
2       (~~(ix)~~) (x) Consistency with a local land use plan, or a regional  
3 or statewide recreational or resource plan, including projects that  
4 assist in the implementation of local shoreline master plans updated  
5 according to RCW 90.58.080 or local comprehensive plans updated  
6 according to RCW 36.70A.130; (~~and~~  
7 (x)) (xi) Educational and scientific value of the site;  
8       (xii) Integration with recovery efforts for endangered, threatened,  
9 or sensitive species;  
10       (xiii) For critical habitat proposals by local agencies, the  
11 statewide significance of the site.

12       (b) For urban wildlife habitat proposals, in addition to the  
13 criteria of (a) of this subsection:

- 14       (i) Population of, and distance from, the nearest urban area;  
15       (ii) Proximity to other wildlife habitat;  
16       (iii) Potential for public use; and  
17       (iv) Potential for use by special needs populations.

18       (~~(7)~~) (6) Before (~~(October)~~) November 1st of each even-numbered  
19 year, the committee shall recommend to the governor a prioritized list  
20 of state agency projects to be funded under RCW 79A.15.040(1) (a), (b),  
21 and (c). The governor may remove projects from the list recommended by  
22 the committee and shall submit this amended list in the capital budget  
23 request to the legislature. The list shall include, but not be limited  
24 to, a description of each project; and shall describe for each project  
25 any anticipated restrictions upon recreational activities allowed prior  
26 to the project.

27       (~~(8)~~) (7) Before (~~(October)~~) November 1st of each even-numbered  
28 year, the committee shall recommend to the governor a prioritized list  
29 of all local projects to be funded under RCW 79A.15.040(1) (a) and (c).  
30 The governor may remove projects from the list recommended by the  
31 committee and shall submit this amended list in the capital budget  
32 request to the legislature. The list shall include, but not be limited  
33 to, a description of each project and any particular match requirement,  
34 and describe for each project any anticipated restrictions upon  
35 recreational activities allowed prior to the project.

36       **Sec. 8.** RCW 79A.15.070 and 2000 c 11 s 68 are each amended to read  
37 as follows:

1 (1) In determining which state parks proposals and local parks  
2 proposals to fund, the committee shall use existing policies and  
3 priorities.

4 (2) Except as provided in RCW 79A.15.030(7), moneys appropriated  
5 for this chapter may not be used by the committee to fund  
6 ~~((additional))~~ staff or other overhead expenses, or by a state,  
7 regional, or local agency to fund operation ~~((and))~~ or maintenance of  
8 areas acquired under this chapter ~~((, except that the committee may use~~  
9 ~~moneys appropriated for this chapter for the fiscal biennium ending~~  
10 ~~June 30, 2001, for the administrative costs of implementing the pilot~~  
11 ~~watershed plan implementation program established in section 329(6),~~  
12 ~~chapter 235, Laws of 1997, and developing an inventory of publicly~~  
13 ~~owned lands established in section 329(7), chapter 235, Laws of 1997)).~~

14 (3) Moneys appropriated for this chapter may be used by grant  
15 recipients for costs incidental to acquisition and development,  
16 including, but not limited to, surveying expenses, fencing, and  
17 signing.

18 (4) The committee may not approve a project of a local agency where  
19 the share contributed by the local agency is less than the amount to be  
20 awarded from the outdoor recreation account.

21 (5) The committee may adopt rules establishing acquisition policies  
22 and priorities for the acquisition and development of trails and water  
23 access sites to be financed from moneys in the outdoor recreation  
24 account.

25 (6) In determining the acquisition and development priorities, the  
26 committee shall consider, at a minimum, the following criteria:

27 (a) For trails proposals:

28 (i) Community support for the project;

29 (ii) Immediacy of threat to the site;

30 (iii) Linkage between communities;

31 (iv) Linkage between trails;

32 (v) Existing or potential usage;

33 (vi) Consistency with ~~((an existing))~~ a local land use plan, or a  
34 regional or statewide recreational or resource plan, including projects  
35 that assist in the implementation of local shoreline master plans  
36 updated according to RCW 90.58.080 or local comprehensive plans updated  
37 according to RCW 36.70A.130;

38 (vii) Availability of water access or views;

- 1 (viii) Enhancement of wildlife habitat; and  
2 (ix) Scenic values of the site.  
3 (b) For water access proposals:  
4 (i) Community support for the project;  
5 (ii) Distance from similar water access opportunities;  
6 (iii) Immediacy of threat to the site;  
7 (iv) Diversity of possible recreational uses; (~~and~~)  
8 (v) Public demand in the area; and  
9 (vi) Consistency with a local land use plan, or a regional or  
10 statewide recreational or resource plan, including projects that assist  
11 in the implementation of local shoreline master plans updated according  
12 to RCW 90.58.080 or local comprehensive plans updated according to RCW  
13 36.70A.130.

14 (7) Before (~~October~~) November 1st of each even-numbered year, the  
15 committee shall recommend to the governor a prioritized list of state  
16 agency projects to be funded under RCW 79A.15.050(1) (a), (c), and (d).  
17 The governor may remove projects from the list recommended by the  
18 committee and shall submit this amended list in the capital budget  
19 request to the legislature. The list shall include, but not be limited  
20 to, a description of each project; and shall describe for each project  
21 any anticipated restrictions upon recreational activities allowed prior  
22 to the project.

23 (8) Before (~~October~~) November 1st of each even-numbered year, the  
24 committee shall recommend to the governor a prioritized list of all  
25 local projects to be funded under RCW 79A.15.050(1) (b), (c), and (d).  
26 The governor may remove projects from the list recommended by the  
27 committee and shall submit this amended list in the capital budget  
28 request to the legislature. The list shall include, but not be limited  
29 to, a description of each project and any particular match requirement,  
30 and describe for each project any anticipated restrictions upon  
31 recreational activities allowed prior to the project.

32 **Sec. 9.** RCW 79A.15.080 and 1990 1st ex.s. c 14 s 9 are each  
33 amended to read as follows:

34 The committee shall not sign contracts or otherwise financially  
35 obligate funds from the habitat conservation account (~~or~~), the  
36 outdoor recreation account, the riparian protection account, or the  
37 farmlands preservation account as provided in this chapter before the

1 legislature has appropriated funds for a specific list of projects.  
2 The legislature may remove projects from the list recommended by the  
3 governor.

4 NEW SECTION. **Sec. 10.** A new section is added to chapter 79.70 RCW  
5 to read as follows:

6 The state treasurer, on behalf of the department, must distribute  
7 to counties for all lands acquired for the purposes of this chapter an  
8 amount in lieu of real property taxes equal to the amount of tax that  
9 would be due if the land were taxable as open space land under chapter  
10 84.34 RCW, plus an additional amount equal to the amount of weed  
11 control assessment that would be due if such lands were privately  
12 owned. The county assessor and county legislative authority shall  
13 assist in determining the appropriate calculation of the amount of tax  
14 that would be due under chapter 84.34 RCW. The county shall distribute  
15 the amount received under this section to itself and junior taxing  
16 districts in appropriate tax code areas the same way it would  
17 distribute local property taxes from private property.

18 NEW SECTION. **Sec. 11.** A new section is added to chapter 79.71 RCW  
19 to read as follows:

20 The state treasurer, on behalf of the department, must distribute  
21 to counties for all lands acquired for the purposes of this chapter an  
22 amount in lieu of real property taxes equal to the amount of tax that  
23 would be due if the land were taxable as open space land under chapter  
24 84.34 RCW, plus an additional amount equal to the amount of weed  
25 control assessment that would be due if such lands were privately  
26 owned. The county assessor and county legislative authority shall  
27 assist in determining the appropriate calculation of the amount of tax  
28 that would be due under chapter 84.34 RCW. The county shall distribute  
29 the amount received under this section to itself and junior taxing  
30 districts in appropriate tax code areas the same way it would  
31 distribute local property taxes from private property.

32 **Sec. 12.** RCW 84.33.140 and 2003 c 170 s 5 are each amended to read  
33 as follows:

34 (1) When land has been designated as forest land under RCW  
35 84.33.130, a notation of the designation shall be made each year upon

1 the assessment and tax rolls. A copy of the notice of approval  
2 together with the legal description or assessor's parcel numbers for  
3 the land shall, at the expense of the applicant, be filed by the  
4 assessor in the same manner as deeds are recorded.

5 (2) In preparing the assessment roll as of January 1, 2002, for  
6 taxes payable in 2003 and each January 1st thereafter, the assessor  
7 shall list each parcel of designated forest land at a value with  
8 respect to the grade and class provided in this subsection and adjusted  
9 as provided in subsection (3) of this section. The assessor shall  
10 compute the assessed value of the land using the same assessment ratio  
11 applied generally in computing the assessed value of other property in  
12 the county. Values for the several grades of bare forest land shall be  
13 as follows:

14	LAND	OPERABILITY	VALUES
15	GRADE	CLASS	PER ACRE
16		1	\$234
17	1	2	229
18		3	217
19		4	157
20		1	198
21	2	2	190
22		3	183
23		4	132
24		1	154
25	3	2	149
26		3	148
27		4	113
28		1	117
29	4	2	114
30		3	113
31		4	86
32		1	85
33	5	2	78
34		3	77
35		4	52
36		1	43



1	6	2	39
2		3	39
3		4	37
4		1	21
5	7	2	21
6		3	20
7		4	20
8	8		1

9 (3) On or before December 31, 2001, the department shall adjust by  
10 rule under chapter 34.05 RCW, the forest land values contained in  
11 subsection (2) of this section in accordance with this subsection, and  
12 shall certify the adjusted values to the assessor who will use these  
13 values in preparing the assessment roll as of January 1, 2002. For the  
14 adjustment to be made on or before December 31, 2001, for use in the  
15 2002 assessment year, the department shall:

16 (a) Divide the aggregate value of all timber harvested within the  
17 state between July 1, 1996, and June 30, 2001, by the aggregate harvest  
18 volume for the same period, as determined from the harvester excise tax  
19 returns filed with the department under RCW 84.33.074; and

20 (b) Divide the aggregate value of all timber harvested within the  
21 state between July 1, 1995, and June 30, 2000, by the aggregate harvest  
22 volume for the same period, as determined from the harvester excise tax  
23 returns filed with the department under RCW 84.33.074; and

24 (c) Adjust the forest land values contained in subsection (2) of  
25 this section by a percentage equal to one-half of the percentage change  
26 in the average values of harvested timber reflected by comparing the  
27 resultant values calculated under (a) and (b) of this subsection.

28 (4) For the adjustments to be made on or before December 31, 2002,  
29 and each succeeding year thereafter, the same procedure described in  
30 subsection (3) of this section shall be followed using harvester excise  
31 tax returns filed under RCW 84.33.074. However, this adjustment shall  
32 be made to the prior year's adjusted value, and the five-year periods  
33 for calculating average harvested timber values shall be successively  
34 one year more recent.

35 (5) Land graded, assessed, and valued as forest land shall continue  
36 to be so graded, assessed, and valued until removal of designation by  
37 the assessor upon the occurrence of any of the following:

38 (a) Receipt of notice from the owner to remove the designation;

1 (b) Sale or transfer to an ownership making the land exempt from ad  
2 valorem taxation;

3 (c) Sale or transfer of all or a portion of the land to a new  
4 owner, unless the new owner has signed a notice of forest land  
5 designation continuance, except transfer to an owner who is an heir or  
6 devisee of a deceased owner, shall not, by itself, result in removal of  
7 designation. The signed notice of continuance shall be attached to the  
8 real estate excise tax affidavit provided for in RCW 82.45.150. The  
9 notice of continuance shall be on a form prepared by the department.  
10 If the notice of continuance is not signed by the new owner and  
11 attached to the real estate excise tax affidavit, all compensating  
12 taxes calculated under subsection (11) of this section shall become due  
13 and payable by the seller or transferor at time of sale. The auditor  
14 shall not accept an instrument of conveyance regarding designated  
15 forest land for filing or recording unless the new owner has signed the  
16 notice of continuance or the compensating tax has been paid, as  
17 evidenced by the real estate excise tax stamp affixed thereto by the  
18 treasurer. The seller, transferor, or new owner may appeal the new  
19 assessed valuation calculated under subsection (11) of this section to  
20 the county board of equalization in accordance with the provisions of  
21 RCW 84.40.038. Jurisdiction is hereby conferred on the county board of  
22 equalization to hear these appeals;

23 (d) Determination by the assessor, after giving the owner written  
24 notice and an opportunity to be heard, that:

25 (i) The land is no longer primarily devoted to and used for growing  
26 and harvesting timber. However, land shall not be removed from  
27 designation if a governmental agency, organization, or other recipient  
28 identified in subsection (13) or (14) of this section as exempt from  
29 the payment of compensating tax has manifested its intent in writing or  
30 by other official action to acquire a property interest in the  
31 designated forest land by means of a transaction that qualifies for an  
32 exemption under subsection (13) or (14) of this section. The  
33 governmental agency, organization, or recipient shall annually provide  
34 the assessor of the county in which the land is located reasonable  
35 evidence in writing of the intent to acquire the designated land as  
36 long as the intent continues or within sixty days of a request by the  
37 assessor. The assessor may not request this evidence more than once in  
38 a calendar year;

1 (ii) The owner has failed to comply with a final administrative or  
2 judicial order with respect to a violation of the restocking, forest  
3 management, fire protection, insect and disease control, and forest  
4 debris provisions of Title 76 RCW or any applicable rules under Title  
5 76 RCW; or

6 (iii) Restocking has not occurred to the extent or within the time  
7 specified in the application for designation of such land.

8 (6) Land shall not be removed from designation if there is a  
9 governmental restriction that prohibits, in whole or in part, the owner  
10 from harvesting timber from the owner's designated forest land. If  
11 only a portion of the parcel is impacted by governmental restrictions  
12 of this nature, the restrictions cannot be used as a basis to remove  
13 the remainder of the forest land from designation under this chapter.  
14 For the purposes of this section, "governmental restrictions" includes:

15 (a) Any law, regulation, rule, ordinance, program, or other action  
16 adopted or taken by a federal, state, county, city, or other  
17 governmental entity; or (b) the land's zoning or its presence within an  
18 urban growth area designated under RCW 36.70A.110.

19 (7) The assessor shall have the option of requiring an owner of  
20 forest land to file a timber management plan with the assessor upon the  
21 occurrence of one of the following:

22 (a) An application for designation as forest land is submitted; or

23 (b) Designated forest land is sold or transferred and a notice of  
24 continuance, described in subsection (5)(c) of this section, is signed.

25 (8) If land is removed from designation because of any of the  
26 circumstances listed in subsection (5)(a) through (c) of this section,  
27 the removal shall apply only to the land affected. If land is removed  
28 from designation because of subsection (5)(d) of this section, the  
29 removal shall apply only to the actual area of land that is no longer  
30 primarily devoted to the growing and harvesting of timber, without  
31 regard to any other land that may have been included in the application  
32 and approved for designation, as long as the remaining designated  
33 forest land meets the definition of forest land contained in RCW  
34 84.33.035.

35 (9) Within thirty days after the removal of designation as forest  
36 land, the assessor shall notify the owner in writing, setting forth the  
37 reasons for the removal. The seller, transferor, or owner may appeal

1 the removal to the county board of equalization in accordance with the  
2 provisions of RCW 84.40.038.

3 (10) Unless the removal is reversed on appeal a copy of the notice  
4 of removal with a notation of the action, if any, upon appeal, together  
5 with the legal description or assessor's parcel numbers for the land  
6 removed from designation shall, at the expense of the applicant, be  
7 filed by the assessor in the same manner as deeds are recorded and a  
8 notation of removal from designation shall immediately be made upon the  
9 assessment and tax rolls. The assessor shall revalue the land to be  
10 removed with reference to its true and fair value as of January 1st of  
11 the year of removal from designation. Both the assessed value before  
12 and after the removal of designation shall be listed. Taxes based on  
13 the value of the land as forest land shall be assessed and payable up  
14 until the date of removal and taxes based on the true and fair value of  
15 the land shall be assessed and payable from the date of removal from  
16 designation.

17 (11) Except as provided in subsection (5)(c), (13), or (14) of this  
18 section, a compensating tax shall be imposed on land removed from  
19 designation as forest land. The compensating tax shall be due and  
20 payable to the treasurer thirty days after the owner is notified of the  
21 amount of this tax. As soon as possible after the land is removed from  
22 designation, the assessor shall compute the amount of compensating tax  
23 and mail a notice to the owner of the amount of compensating tax owed  
24 and the date on which payment of this tax is due. The amount of  
25 compensating tax shall be equal to the difference between the amount of  
26 tax last levied on the land as designated forest land and an amount  
27 equal to the new assessed value of the land multiplied by the dollar  
28 rate of the last levy extended against the land, multiplied by a  
29 number, in no event greater than nine, equal to the number of years for  
30 which the land was designated as forest land, plus compensating taxes  
31 on the land at forest land values up until the date of removal and the  
32 prorated taxes on the land at true and fair value from the date of  
33 removal to the end of the current tax year.

34 (12) Compensating tax, together with applicable interest thereon,  
35 shall become a lien on the land which shall attach at the time the land  
36 is removed from designation as forest land and shall have priority to  
37 and shall be fully paid and satisfied before any recognizance,  
38 mortgage, judgment, debt, obligation, or responsibility to or with

1 which the land may become charged or liable. The lien may be  
2 foreclosed upon expiration of the same period after delinquency and in  
3 the same manner provided by law for foreclosure of liens for delinquent  
4 real property taxes as provided in RCW 84.64.050. Any compensating tax  
5 unpaid on its due date shall thereupon become delinquent. From the  
6 date of delinquency until paid, interest shall be charged at the same  
7 rate applied by law to delinquent ad valorem property taxes.

8 (13) The compensating tax specified in subsection (11) of this  
9 section shall not be imposed if the removal of designation under  
10 subsection (5) of this section resulted solely from:

11 (a) Transfer to a government entity in exchange for other forest  
12 land located within the state of Washington;

13 (b) A taking through the exercise of the power of eminent domain,  
14 or sale or transfer to an entity having the power of eminent domain in  
15 anticipation of the exercise of such power;

16 (c) A donation of fee title, development rights, or the right to  
17 harvest timber, to a government agency or organization qualified under  
18 RCW 84.34.210 and 64.04.130 for the purposes enumerated in those  
19 sections, or the sale or transfer of fee title to a governmental entity  
20 or a nonprofit nature conservancy corporation, as defined in RCW  
21 64.04.130, exclusively for the protection and conservation of lands  
22 recommended for state natural area preserve purposes by the natural  
23 heritage council and natural heritage plan as defined in chapter 79.70  
24 RCW and approved for state natural resources conservation area purposes  
25 as defined in chapter 79.71 RCW. At such time as the land is not used  
26 for the purposes enumerated, the compensating tax specified in  
27 subsection (11) of this section shall be imposed upon the current  
28 owner;

29 (d) The sale or transfer of fee title to the parks and recreation  
30 commission for park and recreation purposes;

31 (e) Official action by an agency of the state of Washington or by  
32 the county or city within which the land is located that disallows the  
33 present use of the land;

34 (f) The creation, sale, or transfer of forestry riparian easements  
35 under RCW 76.13.120;

36 (g) The creation, sale, or transfer of a fee interest or a  
37 conservation easement for the riparian open space program under RCW  
38 76.09.040;

1 (h) The sale or transfer of land within two years after the death  
2 of the owner of at least a fifty percent interest in the land if the  
3 land has been assessed and valued as classified forest land, designated  
4 as forest land under this chapter, or classified under chapter 84.34  
5 RCW continuously since 1993. The date of death shown on a death  
6 certificate is the date used for the purposes of this subsection  
7 (13)(h); or

8 (i) The sale or transfer of land after the death of the owner of at  
9 least a fifty percent interest in the land if the land has been  
10 assessed and valued as classified forest land, designated as forest  
11 land under this chapter, or classified under chapter 84.34 RCW  
12 continuously since 1993 and the sale or transfer takes place after July  
13 22, 2001, and on or before July 22, 2003, and the death of the owner  
14 occurred after January 1, 1991. The date of death shown on a death  
15 certificate is the date used for the purposes of this subsection  
16 (13)(i).

17 (14) In a county with a population of more than one million  
18 inhabitants, the compensating tax specified in subsection (11) of this  
19 section shall not be imposed if the removal of designation as forest  
20 land under subsection (5) of this section resulted solely from:

21 (a) An action described in subsection (13) of this section; or

22 (b) A transfer of a property interest to a government entity, or to  
23 a nonprofit historic preservation corporation or nonprofit nature  
24 conservancy corporation, as defined in RCW 64.04.130, to protect or  
25 enhance public resources, or to preserve, maintain, improve, restore,  
26 limit the future use of, or otherwise to conserve for public use or  
27 enjoyment, the property interest being transferred. At such time as  
28 the property interest is not used for the purposes enumerated, the  
29 compensating tax shall be imposed upon the current owner.

30 **Sec. 13.** RCW 77.12.203 and 1990 1st ex.s. c 15 s 11 are each  
31 amended to read as follows:

32 (1) Notwithstanding RCW 84.36.010 or other statutes to the  
33 contrary, the director shall pay by April 30th of each year on game  
34 lands in each county, if requested by an election under RCW 77.12.201,  
35 an amount in lieu of real property taxes equal to that amount paid on  
36 similar parcels of open space land taxable under chapter 84.34 RCW or  
37 the greater of seventy cents per acre per year or the amount paid in

1 1984 plus an additional amount for control of noxious weeds equal to  
2 that which would be paid if such lands were privately owned. This  
3 amount shall not be assessed or paid on department buildings,  
4 structures, facilities, game farms, fish hatcheries, tidelands, or  
5 public fishing areas of less than one hundred acres.

6 (2) "Game lands," as used in this section and RCW 77.12.201, means  
7 those tracts one hundred acres or larger owned in fee by the department  
8 and used for wildlife habitat and public recreational purposes. All  
9 lands purchased for wildlife habitat, public access or recreation  
10 purposes with federal funds in the Snake River drainage basin shall be  
11 considered game lands regardless of acreage.

12 (3) This section shall not apply to lands transferred after April  
13 23, 1990, to the department from other state agencies.

14 (4) The county shall distribute the amount received under this  
15 section to itself and junior taxing districts in appropriate tax code  
16 areas the same way it would distribute local property taxes from  
17 private property.

18 **Sec. 14.** RCW 43.84.092 and 2003 c 361 s 602, 2003 c 324 s 1, and  
19 2003 c 48 s 2 are each reenacted and amended to read as follows:

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

23 (2) The treasury income account shall be utilized to pay or receive  
24 funds associated with federal programs as required by the federal cash  
25 management improvement act of 1990. The treasury income account is  
26 subject in all respects to chapter 43.88 RCW, but no appropriation is  
27 required for refunds or allocations of interest earnings required by  
28 the cash management improvement act. Refunds of interest to the  
29 federal treasury required under the cash management improvement act  
30 fall under RCW 43.88.180 and shall not require appropriation. The  
31 office of financial management shall determine the amounts due to or  
32 from the federal government pursuant to the cash management improvement  
33 act. The office of financial management may direct transfers of funds  
34 between accounts as deemed necessary to implement the provisions of the  
35 cash management improvement act, and this subsection. Refunds or  
36 allocations shall occur prior to the distributions of earnings set  
37 forth in subsection (4) of this section.

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

9 (4) Monthly, the state treasurer shall distribute the earnings  
10 credited to the treasury income account. The state treasurer shall  
11 credit the general fund with all the earnings credited to the treasury  
12 income account except:

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



1 account, the medical aid account, the mobile home park relocation fund,  
2 the multimodal transportation account, the municipal criminal justice  
3 assistance account, the municipal sales and use tax equalization  
4 account, the natural resources deposit account, the outdoor recreation  
5 account, the oyster reserve land account, the perpetual surveillance  
6 and maintenance account, the public employees' retirement system plan  
7 1 account, the public employees' retirement system combined plan 2 and  
8 plan 3 account, the public facilities construction loan revolving  
9 account beginning July 1, 2004, the public health supplemental account,  
10 the Puyallup tribal settlement account, the regional transportation  
11 investment district account, the resource management cost account, the  
12 riparian protection account, the site closure account, the special  
13 wildlife account, the state employees' insurance account, the state  
14 employees' insurance reserve account, the state investment board  
15 expense account, the state investment board commingled trust fund  
16 accounts, the supplemental pension account, the Tacoma Narrows toll  
17 bridge account, the teachers' retirement system plan 1 account, the  
18 teachers' retirement system combined plan 2 and plan 3 account, the  
19 tobacco prevention and control account, the tobacco settlement account,  
20 the transportation infrastructure account, the tuition recovery trust  
21 fund, the University of Washington bond retirement fund, the University  
22 of Washington building account, the volunteer fire fighters' and  
23 reserve officers' relief and pension principal fund, the volunteer fire  
24 fighters' and reserve officers' administrative fund, the Washington  
25 fruit express account, the Washington judicial retirement system  
26 account, the Washington law enforcement officers' and fire fighters'  
27 system plan 1 retirement account, the Washington law enforcement  
28 officers' and fire fighters' system plan 2 retirement account, the  
29 Washington school employees' retirement system combined plan 2 and 3  
30 account, the Washington state health insurance pool account, the  
31 Washington state patrol retirement account, the Washington State  
32 University building account, the Washington State University bond  
33 retirement fund, the water pollution control revolving fund, and the  
34 Western Washington University capital projects account. Earnings  
35 derived from investing balances of the agricultural permanent fund, the  
36 normal school permanent fund, the permanent common school fund, the  
37 scientific permanent fund, and the state university permanent fund  
38 shall be allocated to their respective beneficiary accounts. All

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

4 (b) The following accounts and funds shall receive eighty percent  
5 of their proportionate share of earnings based upon each account's or  
6 fund's average daily balance for the period: The aeronautics account,  
7 the aircraft search and rescue account, the county arterial  
8 preservation account, the department of licensing services account, the  
9 essential rail assistance account, the ferry bond retirement fund, the  
10 grade crossing protective fund, the high capacity transportation  
11 account, the highway bond retirement fund, the highway safety account,  
12 the motor vehicle fund, the motorcycle safety education account, the  
13 pilotage account, the public transportation systems account, the Puget  
14 Sound capital construction account, the Puget Sound ferry operations  
15 account, the recreational vehicle account, the rural arterial trust  
16 account, the safety and education account, the special category C  
17 account, the state patrol highway account, the transportation 2003  
18 account (nickel account), the transportation equipment fund, the  
19 transportation fund, the transportation improvement account, the  
20 transportation improvement board bond retirement account, and the urban  
21 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. 15.** RCW 43.84.092 and 2003 c 361 s 602, 2003 c 324 s 1, 2003  
26 c 150 s 2, and 2003 c 48 s 2 are each reenacted and amended to read as  
27 follows:

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

31 (2) The treasury income account shall be utilized to pay or receive  
32 funds associated with federal programs as required by the federal cash  
33 management improvement act of 1990. The treasury income account is  
34 subject in all respects to chapter 43.88 RCW, but no appropriation is  
35 required for refunds or allocations of interest earnings required by  
36 the cash management improvement act. Refunds of interest to the  
37 federal treasury required under the cash management improvement act

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

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

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

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

1 services account, the public health services account, the health system  
2 capacity account, the personal health services account, the state  
3 higher education construction account, the higher education  
4 construction account, the highway infrastructure account, the  
5 industrial insurance premium refund account, the judges' retirement  
6 account, the judicial retirement administrative account, the judicial  
7 retirement principal account, the local leasehold excise tax account,  
8 the local real estate excise tax account, the local sales and use tax  
9 account, the medical aid account, the mobile home park relocation fund,  
10 the multimodal transportation account, the municipal criminal justice  
11 assistance account, the municipal sales and use tax equalization  
12 account, the natural resources deposit account, the outdoor recreation  
13 account, the oyster reserve land account, the perpetual surveillance  
14 and maintenance account, the public employees' retirement system plan  
15 1 account, the public employees' retirement system combined plan 2 and  
16 plan 3 account, the public facilities construction loan revolving  
17 account beginning July 1, 2004, the public health supplemental account,  
18 the public works assistance account, the Puyallup tribal settlement  
19 account, the regional transportation investment district account, the  
20 resource management cost account, the riparian protection account, the  
21 site closure account, the special wildlife account, the state  
22 employees' insurance account, the state employees' insurance reserve  
23 account, the state investment board expense account, the state  
24 investment board commingled trust fund accounts, the supplemental  
25 pension account, the Tacoma Narrows toll bridge account, the teachers'  
26 retirement system plan 1 account, the teachers' retirement system  
27 combined plan 2 and plan 3 account, the tobacco prevention and control  
28 account, the tobacco settlement account, the transportation  
29 infrastructure account, the tuition recovery trust fund, the University  
30 of Washington bond retirement fund, the University of Washington  
31 building account, the volunteer fire fighters' and reserve officers'  
32 relief and pension principal fund, the volunteer fire fighters' and  
33 reserve officers' administrative fund, the Washington fruit express  
34 account, the Washington judicial retirement system account, the  
35 Washington law enforcement officers' and fire fighters' system plan 1  
36 retirement account, the Washington law enforcement officers' and fire  
37 fighters' system plan 2 retirement account, the Washington school  
38 employees' retirement system combined plan 2 and 3 account, the

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

13 (b) The following accounts and funds shall receive eighty percent  
14 of their proportionate share of earnings based upon each account's or  
15 fund's average daily balance for the period: The aeronautics account,  
16 the aircraft search and rescue account, the county arterial  
17 preservation account, the department of licensing services account, the  
18 essential rail assistance account, the ferry bond retirement fund, the  
19 grade crossing protective fund, the high capacity transportation  
20 account, the highway bond retirement fund, the highway safety account,  
21 the motor vehicle fund, the motorcycle safety education account, the  
22 pilotage account, the public transportation systems account, the Puget  
23 Sound capital construction account, the Puget Sound ferry operations  
24 account, the recreational vehicle account, the rural arterial trust  
25 account, the safety and education account, the special category C  
26 account, the state patrol highway account, the transportation 2003  
27 account (nickel account), the transportation equipment fund, the  
28 transportation fund, the transportation improvement account, the  
29 transportation improvement board bond retirement account, and the urban  
30 arterial trust account.

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

34 NEW SECTION. **Sec. 16.** (1) Sections 1 through 13 and 15 of this  
35 act take effect July 1, 2005.

1 (2) Section 14 of this act expires July 1, 2005.

--- END ---