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ENGROSSED SUBSTITUTE SENATE BILL 6896

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State of Washington

59th Legislature

2006 Regular Session

By Senate Committee on Ways & Means (originally sponsored by Senators Prentice, Doumit, Brown, Regala, Rockefeller and Kohl-Welles)

READ FIRST TIME 02/17/06.

1 AN ACT Relating to funding state budgetary reserves including an  
2 adjustment to the state expenditure limit; amending RCW 43.135.025 and  
3 43.135.035; reenacting and amending RCW 43.84.092 and 43.84.092; adding  
4 new sections to chapter 41.45 RCW; making appropriations; providing an  
5 effective date; providing expiration dates; and declaring an emergency.

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

7 NEW SECTION. **Sec. 1.** A new section is added to chapter 41.45 RCW  
8 to read as follows:

9 The pension funding stabilization account is created in the state  
10 treasury. Moneys in the account may be spent only after appropriation.  
11 Expenditures from the account may be used only for payment of state  
12 government employer contributions for members of the public employees'  
13 retirement system, the teachers' retirement system, the school  
14 employees' retirement system, and the public safety employees'  
15 retirement system. The account may not be used to pay for any new  
16 benefit or for any benefit increase that takes effect after July 1,  
17 2005. An increase that is provided in accordance with a formula that  
18 is in existence on July 1, 2005, is not considered a benefit increase  
19 for this purpose. Moneys in the account shall be for the exclusive use

1 of the specified retirement systems and invested by the state  
2 investment board pursuant to RCW 43.33A.030 and 43.33A.170. For  
3 purposes of RCW 43.135.035, expenditures from the pension funding  
4 stabilization account shall not be considered a state program cost  
5 shift from the state general fund to another account.

6 NEW SECTION. **Sec. 2.** A new section is added to chapter 41.45 RCW  
7 to read as follows:

8 (1) The state investment board has the full power to invest,  
9 reinvest, manage, contract, sell, or exchange investment moneys in the  
10 pension funding stabilization account. The pension funding  
11 stabilization account shall be considered to be a public pension or  
12 retirement fund within the meaning of Article XXIX, section 1 of the  
13 state Constitution, for the purpose of determining eligible investments  
14 and deposits of the moneys therein. All investment and operating costs  
15 associated with the investment of money shall be paid pursuant to RCW  
16 43.33A.160 and 43.84.160. With the exception of these expenses, the  
17 earnings from the investment of the money shall be retained by the  
18 account.

19 (2) All investments made by the state investment board shall be  
20 made with the exercise of that degree of judgment and care pursuant to  
21 RCW 43.33A.140 and the investment policies established by the state  
22 investment board.

23 (3) As deemed appropriate by the state investment board, moneys in  
24 the account may be commingled for investment with other funds subject  
25 to investment by the board.

26 NEW SECTION. **Sec. 3.** A new section is added to chapter 41.45 RCW  
27 to read as follows:

28 (1) It is the intent of the legislature to provide for the  
29 systematic funding of the plan 1 unfunded accrued actuarial liabilities  
30 in a manner that promotes contribution rate adequacy and stability for  
31 the affected systems. The rates established in this section shall be  
32 collected in addition to the rates established pursuant to RCW  
33 41.45.062.

34 (2) Beginning September 1, 2006, a 1.29 percent contribution is  
35 established as part of the basic state and employer contribution rate

1 for the teachers' retirement system, to be used for the sole purpose of  
2 amortizing the unfunded accrued actuarial liability in the teachers'  
3 retirement system plan 1.

4 (3) Beginning September 1, 2006, a 0.87 percent contribution is  
5 established as part of the basic state and employer contribution rate  
6 for the school employees' retirement system, to be used for the sole  
7 purpose of amortizing the unfunded accrued actuarial liability in the  
8 public employees' retirement system plan 1.

9 (4) Beginning January 1, 2007, a 1.77 percent contribution is  
10 established as part of the basic state and employer contribution rate  
11 for the public employees' retirement system and the public safety  
12 employees' retirement system, to be used for the sole purpose of  
13 amortizing the unfunded accrued actuarial liability in the public  
14 employees' retirement system plan 1.

15 (5) The contribution rates in this section shall be collected  
16 through June 30, 2007, for the public employees' retirement system and  
17 the public safety employees' retirement system and August 31, 2007, for  
18 the teachers' retirement system and the school employees' retirement  
19 system.

20 (6) Upon completion of the 2005 actuarial valuation, the pension  
21 funding council and the state actuary shall review the contribution  
22 rates for the plan 1 unfunded actuarial accrued liability for fiscal  
23 year 2008 and fiscal year 2009 and by September 30, 2006, the pension  
24 funding council shall adopt contribution rates to complete the three-  
25 year phase-in schedule, adjusted for any material changes in benefits  
26 or actuarial assumptions, methods, and experience. The expected  
27 present value of projected contributions during the three-year phase-in  
28 period shall be the same as the expected present value of projected  
29 contributions that would have been collected without the phase-in, as  
30 determined by the state actuary and adjusted for any material changes  
31 in benefits or actuarial assumptions, methods, or experience.

32 NEW SECTION. **Sec. 4.** The sum of three hundred fifty million  
33 dollars is appropriated for the fiscal year ending June 30, 2006, from  
34 the general fund to the pension funding stabilization account for the  
35 purposes of section 1 of this act.

1        NEW SECTION.    **Sec. 5.**    The sum of two hundred million dollars is  
2 appropriated for the fiscal year ending June 30, 2006, from the general  
3 fund to the health services account for the purposes of providing  
4 fiscal stability for the account.

5        NEW SECTION.    **Sec. 6.**    The sum of two hundred seventy-five million  
6 dollars is appropriated for the fiscal year ending June 30, 2006, from  
7 the general fund to the student achievement fund for the purposes of  
8 providing fiscal stability for the fund.

9        **Sec. 7.**    RCW 43.135.025 and 2000 2nd sp.s. c 2 s 1 are each amended  
10 to read as follows:

11        (1) The state shall not expend from the general fund during any  
12 fiscal year state moneys in excess of the state expenditure limit  
13 established under this chapter.

14        (2) Except pursuant to a declaration of emergency under RCW  
15 43.135.035 or pursuant to an appropriation under RCW 43.135.045(4)(b),  
16 the state treasurer shall not issue or redeem any check, warrant, or  
17 voucher that will result in a state general fund expenditure for any  
18 fiscal year in excess of the state expenditure limit established under  
19 this chapter. A violation of this subsection constitutes a violation  
20 of RCW 43.88.290 and shall subject the state treasurer to the penalties  
21 provided in RCW 43.88.300.

22        (3) The state expenditure limit for any fiscal year shall be the  
23 previous fiscal year's state expenditure limit increased by a  
24 percentage rate that equals the fiscal growth factor.

25        (4) For purposes of computing the state expenditure limit for the  
26 fiscal year beginning July 1, 1995, the phrase "the previous fiscal  
27 year's state expenditure limit" means the total state expenditures from  
28 the state general fund, not including federal funds, for the fiscal  
29 year beginning July 1, 1989, plus the fiscal growth factor. This  
30 calculation is then computed for the state expenditure limit for fiscal  
31 years 1992, 1993, 1994, and 1995, and as required under RCW  
32 43.135.035(4).

33        (5) A state expenditure limit committee is established for the  
34 purpose of determining and adjusting the state expenditure limit as  
35 provided in this chapter. The members of the state expenditure limit  
36 committee are the director of financial management, the attorney

1 general or the attorney general's designee, and the chairs of the  
2 senate committee on ways and means and the house of representatives  
3 committee on appropriations. All actions of the state expenditure  
4 limit committee taken pursuant to this chapter require an affirmative  
5 vote of at least three members.

6 (6) Each November, the state expenditure limit committee shall  
7 adjust the expenditure limit for the preceding fiscal year based on  
8 actual expenditures and known changes in the fiscal growth factor and  
9 then project an expenditure limit for the next two fiscal years. In  
10 calculating the expenditure limit for fiscal year 2006, the calculation  
11 shall be the expenditure limit established by the state expenditure  
12 limit committee in November 2005 adjusted as provided by this chapter  
13 and adjusted to include the fiscal year 2006 state general fund  
14 appropriations to the pension funding stabilization account, the health  
15 services account, and the student achievement fund in chapter . . . ,  
16 Laws of 2006 (this act). If, by November 30th, the state expenditure  
17 limit committee has not adopted the expenditure limit adjustment and  
18 projected expenditure limit as provided in subsection (5) of this  
19 section, the attorney general or his or her designee shall adjust or  
20 project the expenditure limit, as necessary.

21 (7) "Fiscal growth factor" means the average of the sum of  
22 inflation and population change for each of the prior three fiscal  
23 years.

24 (8) "Inflation" means the percentage change in the implicit price  
25 deflator for the United States for each fiscal year as published by the  
26 federal bureau of labor statistics.

27 (9) "Population change" means the percentage change in state  
28 population for each fiscal year as reported by the office of financial  
29 management.

30 **Sec. 8.** RCW 43.135.035 and 2005 c 72 s 2 are each amended to read  
31 as follows:

32 (1) After July 1, 1995, any action or combination of actions by the  
33 legislature that raises state revenue or requires revenue-neutral tax  
34 shifts may be taken only if approved by a two-thirds vote of each  
35 house, and then only if state expenditures in any fiscal year,  
36 including the new revenue, will not exceed the state expenditure limits  
37 established under this chapter. However, for legislation enacted

1 between the effective date of this 2005 act and June 30, (~~2007~~) 2006,  
2 any action or combination of actions by the legislature that raises  
3 state revenue or requires revenue-neutral tax shifts may be taken with  
4 the approval of a majority of members elected to each house, so long as  
5 state expenditures in any fiscal year, including the new revenue, will  
6 not exceed the state expenditure limits established under this chapter.

7 (2)(a) If the legislative action under subsection (1) of this  
8 section will result in expenditures in excess of the state expenditure  
9 limit, then the action of the legislature shall not take effect until  
10 approved by a vote of the people at a November general election. The  
11 state expenditure limit committee shall adjust the state expenditure  
12 limit by the amount of additional revenue approved by the voters under  
13 this section. This adjustment shall not exceed the amount of revenue  
14 generated by the legislative action during the first full fiscal year  
15 in which it is in effect. The state expenditure limit shall be  
16 adjusted downward upon expiration or repeal of the legislative action.

17 (b) The ballot title for any vote of the people required under this  
18 section shall be substantially as follows:

19 "Shall taxes be imposed on . . . . . in order to allow a  
20 spending increase above last year's authorized spending adjusted for  
21 inflation and population increases?"

22 (3)(a) The state expenditure limit may be exceeded upon declaration  
23 of an emergency for a period not to exceed twenty-four months by a law  
24 approved by a two-thirds vote of each house of the legislature and  
25 signed by the governor. The law shall set forth the nature of the  
26 emergency, which is limited to natural disasters that require immediate  
27 government action to alleviate human suffering and provide humanitarian  
28 assistance. The state expenditure limit may be exceeded for no more  
29 than twenty-four months following the declaration of the emergency and  
30 only for the purposes contained in the emergency declaration.

31 (b) Additional taxes required for an emergency under this section  
32 may be imposed only until thirty days following the next general  
33 election, unless an extension is approved at that general election.  
34 The additional taxes shall expire upon expiration of the declaration of  
35 emergency. The legislature shall not impose additional taxes for  
36 emergency purposes under this subsection unless funds in the education  
37 construction fund have been exhausted.

1 (c) The state or any political subdivision of the state shall not  
2 impose any tax on intangible property listed in RCW 84.36.070 as that  
3 statute exists on January 1, 1993.

4 (4) If the cost of any state program or function is shifted from  
5 the state general fund on or after January 1, 1993, to another source  
6 of funding, or if moneys are transferred from the state general fund to  
7 another fund or account, the state expenditure limit committee, acting  
8 pursuant to RCW 43.135.025(5), shall lower the state expenditure limit  
9 to reflect the shift. For purposes of this section, expenditures from  
10 the pension funding stabilization account shall not be considered a  
11 state program cost shift from the state general fund to another  
12 account. For the purposes of this section, a transfer of money from  
13 the state general fund to another fund or account includes any state  
14 legislative action taken that has the effect of reducing revenues from  
15 a particular source, where such revenues would otherwise be deposited  
16 into the state general fund, while increasing the revenues from that  
17 particular source to another state or local government account. This  
18 subsection does not apply to the dedication or use of lottery revenues  
19 under RCW 67.70.240(3) or property taxes under RCW 84.52.068, in  
20 support of education or education expenditures.

21 (5) If the cost of any state program or function is shifted to the  
22 state general fund on or after January 1, 2000, from another source of  
23 funding, or if moneys are transferred to the state general fund from  
24 another fund or account, the state expenditure limit committee, acting  
25 pursuant to RCW 43.135.025(5), shall increase the state expenditure  
26 limit to reflect the shift.

27 **Sec. 9.** RCW 43.84.092 and 2005 c 514 s 1105, 2005 c 353 s 3, 2005  
28 c 339 s 22, 2005 c 314 s 109, 2005 c 312 s 7, and 2005 c 94 s 1 are  
29 each reenacted and amended to read as follows:

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

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

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

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

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

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



1 account, the election account, the emergency reserve fund, The  
2 Evergreen State College capital projects account, the federal forest  
3 revolving account, the freight mobility investment account, the health  
4 services account, the public health services account, the health system  
5 capacity account, the personal health services account, the state  
6 higher education construction account, the higher education  
7 construction account, the highway infrastructure account, the high-  
8 occupancy toll lanes operations account, the industrial insurance  
9 premium refund account, the judges' retirement account, the judicial  
10 retirement administrative account, the judicial retirement principal  
11 account, the local leasehold excise tax account, the local real estate  
12 excise tax account, the local sales and use tax account, the medical  
13 aid account, the mobile home park relocation fund, the multimodal  
14 transportation account, the municipal criminal justice assistance  
15 account, the municipal sales and use tax equalization account, the  
16 natural resources deposit account, the oyster reserve land account, the  
17 pension funding stabilization account, the perpetual surveillance and  
18 maintenance account, the public employees' retirement system plan 1  
19 account, the public employees' retirement system combined plan 2 and  
20 plan 3 account, the public facilities construction loan revolving  
21 account beginning July 1, 2004, the public health supplemental account,  
22 the Puyallup tribal settlement account, the real estate appraiser  
23 commission account, the regional transportation investment district  
24 account, the resource management cost account, the rural Washington  
25 loan fund, the site closure account, the small city pavement and  
26 sidewalk account, the special wildlife account, the state employees'  
27 insurance account, the state employees' insurance reserve account, the  
28 state investment board expense account, the state investment board  
29 commingled trust fund accounts, the supplemental pension account, the  
30 Tacoma Narrows toll bridge account, the teachers' retirement system  
31 plan 1 account, the teachers' retirement system combined plan 2 and  
32 plan 3 account, the tobacco prevention and control account, the tobacco  
33 settlement account, the transportation infrastructure account, the  
34 transportation partnership account, the tuition recovery trust fund,  
35 the University of Washington bond retirement fund, the University of  
36 Washington building account, the volunteer fire fighters' and reserve  
37 officers' relief and pension principal fund, the volunteer fire  
38 fighters' and reserve officers' administrative fund, the Washington

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

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

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

1           **Sec. 10.** RCW 43.84.092 and 2005 c 514 s 1106, 2005 c 353 s 4, 2005  
2 c 339 s 23, 2005 c 314 s 110, 2005 c 312 s 8, and 2005 c 94 s 2 are  
3 each reenacted and amended to read as follows:

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

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

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

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

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

1 account, the charitable, educational, penal and reformatory  
2 institutions account, the common school construction fund, the county  
3 criminal justice assistance account, the county sales and use tax  
4 equalization account, the data processing building construction  
5 account, the deferred compensation administrative account, the deferred  
6 compensation principal account, the department of retirement systems  
7 expense account, the developmental disabilities community trust  
8 account, the drinking water assistance account, the drinking water  
9 assistance administrative account, the drinking water assistance  
10 repayment account, the Eastern Washington University capital projects  
11 account, the education construction fund, the education legacy trust  
12 account, the election account, the emergency reserve fund, The  
13 Evergreen State College capital projects account, the federal forest  
14 revolving account, the freight mobility investment account, the health  
15 services account, the public health services account, the health system  
16 capacity account, the personal health services account, the state  
17 higher education construction account, the higher education  
18 construction account, the highway infrastructure account, the high-  
19 occupancy toll lanes operations account, the industrial insurance  
20 premium refund account, the judges' retirement account, the judicial  
21 retirement administrative account, the judicial retirement principal  
22 account, the local leasehold excise tax account, the local real estate  
23 excise tax account, the local sales and use tax account, the medical  
24 aid account, the mobile home park relocation fund, the multimodal  
25 transportation account, the municipal criminal justice assistance  
26 account, the municipal sales and use tax equalization account, the  
27 natural resources deposit account, the oyster reserve land account, the  
28 pension funding stabilization account, the perpetual surveillance and  
29 maintenance account, the public employees' retirement system plan 1  
30 account, the public employees' retirement system combined plan 2 and  
31 plan 3 account, the public facilities construction loan revolving  
32 account beginning July 1, 2004, the public health supplemental account,  
33 the public works assistance account, the Puyallup tribal settlement  
34 account, the real estate appraiser commission account, the regional  
35 transportation investment district account, the resource management  
36 cost account, the rural Washington loan fund, the site closure account,  
37 the small city pavement and sidewalk account, the special wildlife  
38 account, the state employees' insurance account, the state employees'

1 insurance reserve account, the state investment board expense account,  
2 the state investment board commingled trust fund accounts, the  
3 supplemental pension account, the Tacoma Narrows toll bridge account,  
4 the teachers' retirement system plan 1 account, the teachers'  
5 retirement system combined plan 2 and plan 3 account, the tobacco  
6 prevention and control account, the tobacco settlement account, the  
7 transportation infrastructure account, the transportation partnership  
8 account, the tuition recovery trust fund, the University of Washington  
9 bond retirement fund, the University of Washington building account,  
10 the volunteer fire fighters' and reserve officers' relief and pension  
11 principal fund, the volunteer fire fighters' and reserve officers'  
12 administrative fund, the Washington fruit express account, the  
13 Washington judicial retirement system account, the Washington law  
14 enforcement officers' and fire fighters' system plan 1 retirement  
15 account, the Washington law enforcement officers' and fire fighters'  
16 system plan 2 retirement account, the Washington public safety  
17 employees' plan 2 retirement account, the Washington school employees'  
18 retirement system combined plan 2 and 3 account, the Washington state  
19 health insurance pool account, the Washington state patrol retirement  
20 account, the Washington State University building account, the  
21 Washington State University bond retirement fund, the water pollution  
22 control revolving fund, and the Western Washington University capital  
23 projects account. Earnings derived from investing balances of the  
24 agricultural permanent fund, the normal school permanent fund, the  
25 permanent common school fund, the scientific permanent fund, and the  
26 state university permanent fund shall be allocated to their respective  
27 beneficiary accounts. All earnings to be distributed under this  
28 subsection (4)(a) shall first be reduced by the allocation to the state  
29 treasurer's service fund pursuant to RCW 43.08.190.

30 (b) The following accounts and funds shall receive eighty percent  
31 of their proportionate share of earnings based upon each account's or  
32 fund's average daily balance for the period: The aeronautics account,  
33 the aircraft search and rescue account, the county arterial  
34 preservation account, the department of licensing services account, the  
35 essential rail assistance account, the ferry bond retirement fund, the  
36 grade crossing protective fund, the high capacity transportation  
37 account, the highway bond retirement fund, the highway safety account,  
38 the motor vehicle fund, the motorcycle safety education account, the

1 pilotage account, the public transportation systems account, the Puget  
2 Sound capital construction account, the Puget Sound ferry operations  
3 account, the recreational vehicle account, the rural arterial trust  
4 account, the safety and education account, the special category C  
5 account, the state patrol highway account, the transportation 2003  
6 account (nickel account), the transportation equipment fund, the  
7 transportation fund, the transportation improvement account, the  
8 transportation improvement board bond retirement account, and the urban  
9 arterial trust account.

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

13 NEW SECTION. **Sec. 11.** Section 9 of this act expires July 1, 2006.

14 NEW SECTION. **Sec. 12.** Sections 7 and 8 of this act expire July 1,  
15 2007.

16 NEW SECTION. **Sec. 13.** This act is necessary for the immediate  
17 preservation of the public peace, health, or safety, or support of the  
18 state government and its existing public institutions, and takes effect  
19 immediately, except section 10 of this act, which takes effect July 1,  
20 2006.

--- END ---