

CERTIFICATION OF ENROLLMENT
ENGROSSED SUBSTITUTE SENATE BILL 6896

59th Legislature
2006 Regular Session

Passed by the Senate March 6, 2006
YEAS 25 NAYS 22

President of the Senate

Passed by the House March 7, 2006
YEAS 51 NAYS 47

Speaker of the House of Representatives

Approved

Governor of the State of Washington

CERTIFICATE

I, Thomas Hoemann, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **ENGROSSED SUBSTITUTE SENATE BILL 6896** as passed by the Senate and the House of Representatives on the dates hereon set forth.

Secretary

FILED

**Secretary of State
State of Washington**

ENGROSSED SUBSTITUTE SENATE BILL 6896

Passed Legislature - 2006 Regular Session

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 ---