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HOUSE BILL 3174

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State of Washington

61st Legislature

2010 Regular Session

By Representatives Linville, Alexander, and Sullivan; by request of State Treasurer

Read first time 02/03/10. Referred to Committee on Ways & Means.

1 AN ACT Relating to management of funds and accounts by the state  
2 treasurer; amending RCW 43.08.190 and 43.79A.040; reenacting and  
3 amending RCW 43.84.092; adding a new section to chapter 43.79 RCW; and  
4 creating new sections.

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

6 NEW SECTION. **Sec. 1.** The legislature recognizes the significant  
7 financial benefits realized by the state through consolidated cash  
8 management activities. It is the intent of this act to encourage and,  
9 when financially advantageous, to expand those activities.

10 **Sec. 2.** RCW 43.08.190 and 2009 c 564 s 926 are each amended to  
11 read as follows:

12 There is hereby created a fund within the state treasury to be  
13 known as the "state treasurer's service fund." Such fund shall be used  
14 solely for the payment of costs and expenses incurred in the operation  
15 and administration of the state treasurer's office.

16 Moneys shall be allocated monthly and placed in the state  
17 treasurer's service fund equivalent to a maximum of one percent of the  
18 trust and treasury average daily cash balances from the earnings

1 generated under the authority of RCW 43.79A.040 and 43.84.080 other  
2 than earnings generated from investment of balances in funds and  
3 accounts specified in RCW 43.79A.040 (~~(or 43.84.092(4))~~) (4)(c). The  
4 allocation shall precede the distribution of the remaining earnings as  
5 prescribed under RCW 43.79A.040 and 43.84.092. The state treasurer  
6 shall establish a uniform allocation rate (~~(based on the appropriations~~  
7 ~~for the treasurer's office)~~) for all funds and accounts; except that  
8 the state treasurer may negotiate a different allocation rate with any  
9 state agency that has independent authority over funds not statutorily  
10 required to be held in the state treasury or in the custody of the  
11 state treasurer. In no event shall the rate be less than the actual  
12 costs incurred by the state treasurer's office. If no rate is  
13 separately negotiated, the default rate for any funds held shall be the  
14 rate set for funds held pursuant to statute.

15 During the 2009-2011 fiscal biennium, the legislature may transfer  
16 from the state treasurer's service fund to the state general fund such  
17 amounts as reflect the excess fund balance of the fund.

18 **Sec. 3.** RCW 43.79A.040 and 2009 c 87 s 4 are each amended to read  
19 as follows:

20 (1) Money in the treasurer's trust fund may be deposited, invested,  
21 and reinvested by the state treasurer in accordance with RCW 43.84.080  
22 in the same manner and to the same extent as if the money were in the  
23 state treasury, and may be commingled with moneys in the state treasury  
24 for cash management and cash balance purposes.

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

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

36 (4)(a) Monthly, the state treasurer shall distribute the earnings

1 credited to the investment income account to the state general fund  
2 except under (b) ~~((and))~~, (c), and (d) of this subsection.

3 (b) The following accounts and funds shall receive their  
4 proportionate share of earnings based upon each account's or fund's  
5 average daily balance for the period: The Washington promise  
6 scholarship account, the college savings program account, the  
7 Washington advanced college tuition payment program account, the  
8 agricultural local fund, the American Indian scholarship endowment  
9 fund, the foster care scholarship endowment fund, the foster care  
10 endowed scholarship trust fund, the students with dependents grant  
11 account, the basic health plan self-insurance reserve account, the  
12 contract harvesting revolving account, the Washington state combined  
13 fund drive account, the commemorative works account, the Washington  
14 international exchange scholarship endowment fund, the toll collection  
15 account, the developmental disabilities endowment trust fund, the  
16 energy account, the fair fund, the family leave insurance account, the  
17 food animal veterinarian conditional scholarship account, the fruit and  
18 vegetable inspection account, the future teachers conditional  
19 scholarship account, the game farm alternative account, the GET ready  
20 for math and science scholarship account, the grain inspection  
21 revolving fund, the juvenile accountability incentive account, the law  
22 enforcement officers' and firefighters' plan 2 expense fund, the local  
23 tourism promotion account, the pilotage account, the produce railcar  
24 pool account, the regional transportation investment district account,  
25 the rural rehabilitation account, the stadium and exhibition center  
26 account, the youth athletic facility account, the self-insurance  
27 revolving fund, the sulfur dioxide abatement account, the children's  
28 trust fund, the Washington horse racing commission Washington bred  
29 owners' bonus fund and breeder awards account, the Washington horse  
30 racing commission class C purse fund account, the individual  
31 development account program account, the Washington horse racing  
32 commission operating account (earnings from the Washington horse racing  
33 commission operating account must be credited to the Washington horse  
34 racing commission class C purse fund account), the life sciences  
35 discovery fund, the Washington state heritage center account, the  
36 reduced cigarette ignition propensity account, and the reading  
37 achievement account. ~~((However, the earnings to be distributed shall~~

1 ~~first be reduced by the allocation to the state treasurer's service~~  
2 ~~fund pursuant to RCW 43.08.190.))~~

3 (c) The following accounts and funds shall receive eighty percent  
4 of their proportionate share of earnings based upon each account's or  
5 fund's average daily balance for the period: The advanced right-of-way  
6 revolving fund, the advanced environmental mitigation revolving  
7 account, the city and county advance right-of-way revolving fund, the  
8 federal narcotics asset forfeitures account, the high occupancy vehicle  
9 account, the local rail service assistance account, and the  
10 miscellaneous transportation programs account.

11 (d) Any state agency that has independent authority over accounts  
12 or funds not statutorily required to be held in the custody of the  
13 state treasurer that deposits funds into a fund or account in the  
14 custody of the state treasurer pursuant to an agreement with the office  
15 of the state treasurer shall receive its proportionate share of  
16 earnings based upon each account's or fund's average daily balance for  
17 the period.

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

21 **Sec. 4.** RCW 43.84.092 and 2009 c 479 s 31, 2009 c 472 s 5, and  
22 2009 c 451 s 8 are each reenacted and amended to read as follows:

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

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

1 cash management improvement act, and this subsection. Refunds or  
2 allocations shall occur prior to the distributions of earnings set  
3 forth in subsection (4) of this section.

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

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

16 (a) The following accounts and funds shall receive their  
17 proportionate share of earnings based upon each account's and fund's  
18 average daily balance for the period: The aeronautics account, the  
19 aircraft search and rescue account, the budget stabilization account,  
20 the capitol building construction account, the Cedar River channel  
21 construction and operation account, the Central Washington University  
22 capital projects account, the charitable, educational, penal and  
23 reformatory institutions account, the cleanup settlement account, the  
24 Columbia river basin water supply development account, the common  
25 school construction fund, the county arterial preservation account, the  
26 county criminal justice assistance account, the county sales and use  
27 tax equalization account, the data processing building construction  
28 account, the deferred compensation administrative account, the deferred  
29 compensation principal account, the department of licensing services  
30 account, the department of retirement systems expense account, the  
31 developmental disabilities community trust account, the drinking water  
32 assistance account, the drinking water assistance administrative  
33 account, the drinking water assistance repayment account, the Eastern  
34 Washington University capital projects account, the education  
35 construction fund, the education legacy trust account, the election  
36 account, the energy freedom account, the energy recovery act account,  
37 the essential rail assistance account, The Evergreen State College  
38 capital projects account, the federal forest revolving account, the

1 ferry bond retirement fund, the freight congestion relief account, the  
2 freight mobility investment account, the freight mobility multimodal  
3 account, the grade crossing protective fund, the public health services  
4 account, the health system capacity account, the personal health  
5 services account, the high capacity transportation account, the state  
6 higher education construction account, the higher education  
7 construction account, the highway bond retirement fund, the highway  
8 infrastructure account, the highway safety account, the high occupancy  
9 toll lanes operations account, the industrial insurance premium refund  
10 account, the judges' retirement account, the judicial retirement  
11 administrative account, the judicial retirement principal account, the  
12 local leasehold excise tax account, the local real estate excise tax  
13 account, the local sales and use tax account, the medical aid account,  
14 the mobile home park relocation fund, the motor vehicle fund, the  
15 motorcycle safety education account, the multimodal transportation  
16 account, the municipal criminal justice assistance account, the  
17 municipal sales and use tax equalization account, the natural resources  
18 deposit account, the oyster reserve land account, the pension funding  
19 stabilization account, the perpetual surveillance and maintenance  
20 account, the public employees' retirement system plan 1 account, the  
21 public employees' retirement system combined plan 2 and plan 3 account,  
22 the public facilities construction loan revolving account beginning  
23 July 1, 2004, the public health supplemental account, the public  
24 transportation systems account, the public works assistance account,  
25 the Puget Sound capital construction account, the Puget Sound ferry  
26 operations account, the Puyallup tribal settlement account, the real  
27 estate appraiser commission account, the recreational vehicle account,  
28 the regional mobility grant program account, the resource management  
29 cost account, the rural arterial trust account, the rural Washington  
30 loan fund, the site closure account, the small city pavement and  
31 sidewalk account, the special category C account, the special wildlife  
32 account, the state employees' insurance account, the state employees'  
33 insurance reserve account, the state investment board expense account,  
34 the state investment board commingled trust fund accounts, the state  
35 patrol highway account, the state route number 520 corridor account,  
36 the supplemental pension account, the Tacoma Narrows toll bridge  
37 account, the teachers' retirement system plan 1 account, the teachers'  
38 retirement system combined plan 2 and plan 3 account, the tobacco

1 prevention and control account, the tobacco settlement account, the  
2 transportation 2003 account (nickel account), the transportation  
3 equipment fund, the transportation fund, the transportation improvement  
4 account, the transportation improvement board bond retirement account,  
5 the transportation infrastructure account, the transportation  
6 partnership account, the traumatic brain injury account, the tuition  
7 recovery trust fund, the University of Washington bond retirement fund,  
8 the University of Washington building account, the urban arterial trust  
9 account, the volunteer firefighters' and reserve officers' relief and  
10 pension principal fund, the volunteer firefighters' and reserve  
11 officers' administrative fund, the Washington fruit express account,  
12 the Washington judicial retirement system account, the Washington law  
13 enforcement officers' and firefighters' system plan 1 retirement  
14 account, the Washington law enforcement officers' and firefighters'  
15 system plan 2 retirement account, the Washington public safety  
16 employees' plan 2 retirement account, the Washington school employees'  
17 retirement system combined plan 2 and 3 account, the Washington state  
18 health insurance pool account, the Washington state patrol retirement  
19 account, the Washington State University building account, the  
20 Washington State University bond retirement fund, the water pollution  
21 control revolving fund, and the Western Washington University capital  
22 projects account. Earnings derived from investing balances of the  
23 agricultural permanent fund, the normal school permanent fund, the  
24 permanent common school fund, the scientific permanent fund, and the  
25 state university permanent fund shall be allocated to their respective  
26 beneficiary accounts. (~~All earnings to be distributed under this~~  
27 ~~subsection (4) shall first be reduced by the allocation to the state~~  
28 ~~treasurer's service fund pursuant to RCW 43.08.190.))~~

29 (b) Any state agency that has independent authority over accounts  
30 or funds not statutorily required to be held in the state treasury that  
31 deposits funds into a fund or account in the state treasury pursuant to  
32 an agreement with the office of the state treasurer shall receive its  
33 proportionate share of earnings based upon each account's or fund's  
34 average daily balance for the period.

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

1        NEW SECTION.    **Sec. 5.**    A new section is added to chapter 43.79 RCW  
2    to read as follows:

3        By October 31st of each odd-numbered year, the state treasurer  
4    shall provide to the office of financial management and the appropriate  
5    fiscal committees of the legislature a list of any funds or accounts in  
6    the state treasury or in the custody of the state treasurer that he or  
7    she believes to be obsolete.    The list must include the standard or  
8    process the treasurer used to determine whether an account is believed  
9    to be obsolete.

10       NEW SECTION.    **Sec. 6.**    By June 1, 2010, the office of financial  
11    management shall provide the state treasurer with a list of all funds  
12    or accounts held locally by any state agency.    By October 31, 2010, the  
13    state treasurer, working with the office of financial management, shall  
14    review all locally held accounts, other than those held by institutions  
15    of higher education, and determine whether it would be financially  
16    advantageous to the state for those accounts to instead be held in the  
17    state treasury or in the custody of the state treasurer.    When the  
18    treasurer deems it financially advantageous for local accounts to be  
19    held in the custody of the state treasurer or in the state treasury, he  
20    or she is encouraged to propose executive request legislation to effect  
21    those changes.

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