
SENATE BILL 6833

State of Washington 61st Legislature 2010 Regular Session

By Senator Tom; 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.

--- END ---