
HOUSE BILL 1980

State of Washington

62nd Legislature

2011 Regular Session

By Representatives Seaquist, Kagi, Haigh, Reykdal, Frockt, Kenney, and Hunt

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1 AN ACT Relating to establishing a process to make strategic
2 investments in education; reenacting and amending RCW 43.84.092; and
3 adding a new chapter to Title 44 RCW.

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

5 NEW SECTION. **Sec. 1.** (1) The legislature finds that the structure
6 of the rapidly changing economy of our state and nation places a high
7 premium on education, both in the workplace and in civic life. In
8 addition, one of the most significant levers to make long-term
9 improvements in the state's economy is education.

10 (2) The legislature further finds that Washington state is
11 underperforming other states on a number of education indicators and
12 outcomes:

13 (a) Washington is below the national average in the percent of
14 children aged three to five who are not enrolled in early learning,
15 preschool, or kindergarten;

16 (b) Washington is listed among the bottom five states seeing an
17 increase, rather than a decline, in the achievement gap between white
18 and Asian students and other students of color as measured by national
19 reading and mathematics assessments;

1 (c) Washington ranks below the national average for on-time
2 graduation from high school;

3 (d) Washington ranks forty-seventh in the nation for the percentage
4 of young adults aged eighteen to twenty-four enrolled in college; and

5 (e) Washington ranks below the national average for per capita
6 state and local financial support for higher education.

7 (3) Therefore, strategic investments must be made to enhance and
8 improve public education in Washington, from early learning through
9 higher education. Furthermore, these investments must be identified
10 and funded in a thoughtful and responsible manner. The legislature
11 intends to establish a deliberative process for identifying
12 incremental, strategic investments to enhance and improve public
13 education, as well as providing the funding necessary to support the
14 investments through the modification and elimination of current tax
15 preferences.

16 NEW SECTION. **Sec. 2.** The definitions in this section apply
17 throughout this chapter unless the context clearly requires otherwise.

18 (1) "Public education" means:

19 (a) Early learning programs and services supported by public funds
20 and administered by the department of early learning;

21 (b) Instruction and programs delivered by the common schools
22 defined under RCW 28A.150.020, including but not limited to the program
23 of basic education defined under RCW 28A.150.200;

24 (c) Programs and services delivered by the office of the
25 superintendent of public instruction to benefit the students and staff
26 of the common schools;

27 (d) Instruction, programs, and research at institutions of higher
28 education as defined in RCW 28B.10.016; and

29 (e) State programs for higher education student financial aid.

30 (2) "Tax preference" has the definition in RCW 43.136.021.

31 NEW SECTION. **Sec. 3.** (1) Each odd-numbered year, the legislature
32 shall identify and establish a set of strategic investments to enhance
33 and improve public education.

34 (2) The strategic investments shall be established through the
35 omnibus appropriations act or other legislation, which must enumerate
36 each proposed investment and its estimated projected annual cost if the

1 investment were implemented beginning July 1st of the next ensuing odd-
2 numbered year. The purpose of this budget proviso or other legislation
3 is to identify proposed strategic investments and their estimated
4 costs, but the investments proposed are not binding and do not take
5 effect without further implementing legislation as provided in section
6 5 of this act.

7 (3) In identifying the strategic investments, the appropriate
8 standing committees of the legislature shall:

9 (a) Hold public hearings to receive input on investment priorities
10 for education;

11 (b) Receive recommendations from the quality education council
12 regarding priorities for early learning and the common schools; and

13 (c) Receive recommendations from the state board for community and
14 technical colleges and the higher education coordinating board
15 regarding priorities for higher education.

16 (4) After the budget proviso or other legislation under this
17 section is signed into law, the office of the governor shall notify the
18 citizen commission for performance measurement of tax preferences
19 created in RCW 43.136.035.

20 NEW SECTION. **Sec. 4.** (1) Upon receipt of the notification from
21 the office of the governor under section 3 of this act, the citizen
22 commission for performance measurement of tax preferences shall
23 identify and recommend the repeal or modification of a set of tax
24 preferences that are expected to create sufficient revenue for the
25 state general fund to make the strategic investments included in the
26 legislation under section 3 of this act beginning July 1st of the next
27 ensuing odd-numbered year.

28 (2)(a) The commission shall submit its recommendations under this
29 section to the legislature in the form of proposed implementing
30 legislation by December 1st of each odd-numbered year.

31 (b) The proposed implementing legislation must include each tax
32 preference to be modified or repealed, necessary amendments to current
33 law to implement the modifications or repeals, and the estimated
34 revenue to the state general fund associated with the modifications or
35 repeals.

1 NEW SECTION. **Sec. 5.** (1) During the legislative session convened
2 each even-numbered year, the appropriate standing committees of the
3 legislature shall hold a public hearing on the proposed legislation
4 submitted by the citizen commission for performance measurement of tax
5 preferences under section 4 of this act.

6 (2) Legislation to implement the recommendations of the commission
7 must be divided into two parts as provided in this subsection (2).

8 (a) Part I must be the proposed legislation submitted by the
9 citizen commission for performance measurement of tax preferences under
10 section 4 of this act, which shall be adopted or rejected as submitted
11 except that provisions of the legislation may be amended if approved by
12 a two-thirds vote of each house of the legislature.

13 (b) Part II must contain:

14 (i) The specific strategic investments to enhance and improve
15 public education that will be made with the estimated revenue and their
16 projected costs beginning July 1st of the next ensuing odd-numbered
17 year;

18 (ii) Any amendments to current law or other authorizing provisions
19 necessary to implement the strategic investments;

20 (iii) A determination of how the estimated revenue associated with
21 the modifications or repeal of tax preferences must be distributed,
22 including the estimated amounts to be deposited in the strategic
23 investments in education account created in section 6 of this act; and

24 (iv) A direction to the state treasurer to deposit the estimated
25 revenue as determined under (b)(iii) of this subsection into the
26 strategic investments in education account for the purposes of making
27 the strategic investments identified in the legislation.

28 (3) Legislation enacted to implement the recommendations of the
29 commission under this section shall be submitted as a referendum bill
30 to the people at the next general election as provided under Article
31 II, section 1 of the state Constitution.

32 NEW SECTION. **Sec. 6.** (1) The strategic investments in education
33 account is created in the state treasury. Moneys in the account may be
34 spent only after appropriation. Interest earned on moneys in the
35 account remain in the account.

36 (2) Moneys in the strategic investments in education account must

1 be used to make the strategic investments to enhance and improve public
2 education identified in the legislation enacted and approved under
3 section 5 of this act.

4 **Sec. 7.** RCW 43.84.092 and 2010 1st sp.s. c 30 s 20, 2010 1st sp.s.
5 c 9 s 7, 2010 c 248 s 6, 2010 c 222 s 5, 2010 c 162 s 6, and 2010 c 145
6 s 11 are each reenacted and amended to read as follows:

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

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

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

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

1 (a) The following accounts and funds shall receive their
2 proportionate share of earnings based upon each account's and fund's
3 average daily balance for the period: The aeronautics account, the
4 aircraft search and rescue account, the budget stabilization account,
5 the capitol building construction account, the Cedar River channel
6 construction and operation account, the Central Washington University
7 capital projects account, the charitable, educational, penal and
8 reformatory institutions account, the cleanup settlement account, the
9 Columbia river basin water supply development account, the common
10 school construction fund, the county arterial preservation account, the
11 county criminal justice assistance account, the county sales and use
12 tax equalization account, the deferred compensation administrative
13 account, the deferred compensation principal account, the department of
14 licensing services account, the department of retirement systems
15 expense account, the developmental disabilities community trust
16 account, the drinking water assistance account, the drinking water
17 assistance administrative account, the drinking water assistance
18 repayment account, the Eastern Washington University capital projects
19 account, the education construction fund, the education legacy trust
20 account, the election account, the energy freedom account, the energy
21 recovery act account, the essential rail assistance account, The
22 Evergreen State College capital projects account, the federal forest
23 revolving account, the ferry bond retirement fund, the freight
24 congestion relief account, the freight mobility investment account, the
25 freight mobility multimodal account, the grade crossing protective
26 fund, the public health services account, the health system capacity
27 account, the high capacity transportation account, the state higher
28 education construction account, the higher education construction
29 account, the highway bond retirement fund, the highway infrastructure
30 account, the highway safety account, the high occupancy toll lanes
31 operations account, the hospital safety net assessment fund, the
32 industrial insurance premium refund account, the judges' retirement
33 account, the judicial retirement administrative account, the judicial
34 retirement principal account, the local leasehold excise tax account,
35 the local real estate excise tax account, the local sales and use tax
36 account, the marine resources stewardship trust account, the medical
37 aid account, the mobile home park relocation fund, the motor vehicle
38 fund, the motorcycle safety education account, the multiagency

1 permitting team account, the multimodal transportation account, the
2 municipal criminal justice assistance account, the municipal sales and
3 use tax equalization account, the natural resources deposit account,
4 the oyster reserve land account, the pension funding stabilization
5 account, the perpetual surveillance and maintenance account, the public
6 employees' retirement system plan 1 account, the public employees'
7 retirement system combined plan 2 and plan 3 account, the public
8 facilities construction loan revolving account beginning July 1, 2004,
9 the public health supplemental account, the public transportation
10 systems account, the public works assistance account, the Puget Sound
11 capital construction account, the Puget Sound ferry operations account,
12 the Puyallup tribal settlement account, the real estate appraiser
13 commission account, the recreational vehicle account, the regional
14 mobility grant program account, the resource management cost account,
15 the rural arterial trust account, the rural Washington loan fund, the
16 site closure account, the small city pavement and sidewalk account, the
17 special category C account, the special wildlife account, the state
18 employees' insurance account, the state employees' insurance reserve
19 account, the state investment board expense account, the state
20 investment board commingled trust fund accounts, the state patrol
21 highway account, the state route number 520 civil penalties account,
22 the state route number 520 corridor account, the strategic investments
23 in education account, the supplemental pension account, the Tacoma
24 Narrows toll bridge account, the teachers' retirement system plan 1
25 account, the teachers' retirement system combined plan 2 and plan 3
26 account, the tobacco prevention and control account, the tobacco
27 settlement account, the transportation 2003 account (nickel account),
28 the transportation equipment fund, the transportation fund, the
29 transportation improvement account, the transportation improvement
30 board bond retirement account, the transportation infrastructure
31 account, the transportation partnership account, the traumatic brain
32 injury account, the tuition recovery trust fund, the University of
33 Washington bond retirement fund, the University of Washington building
34 account, the urban arterial trust account, the volunteer firefighters'
35 and reserve officers' relief and pension principal fund, the volunteer
36 firefighters' and reserve officers' administrative fund, the Washington
37 judicial retirement system account, the Washington law enforcement
38 officers' and firefighters' system plan 1 retirement account, the

1 Washington law enforcement officers' and firefighters' system plan 2
2 retirement account, the Washington public safety employees' plan 2
3 retirement account, the Washington school employees' retirement system
4 combined plan 2 and 3 account, the Washington state health insurance
5 pool account, the Washington state patrol retirement account, the
6 Washington State University building account, the Washington State
7 University bond retirement fund, the water pollution control revolving
8 fund, and the Western Washington University capital projects account.
9 Earnings derived from investing balances of the agricultural permanent
10 fund, the normal school permanent fund, the permanent common school
11 fund, the scientific permanent fund, and the state university permanent
12 fund shall be allocated to their respective beneficiary accounts.

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

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

22 NEW SECTION. **Sec. 8.** Sections 1 through 6 of this act constitute
23 a new chapter in Title 44 RCW.

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