
HOUSE BILL 1982

State of Washington

62nd Legislature

2011 Regular Session

By Representative Kretz

1 AN ACT Relating to ensuring quality nursing home care through
2 regulatory relief, modifying provisions for essential community
3 providers, and establishing a temporary licensing fee surcharge;
4 amending RCW 74.46.431, 74.46.435, and 74.46.521; reenacting and
5 amending RCW 43.84.092; adding a new section to chapter 18.51 RCW; and
6 adding a new chapter to Title 74 RCW.

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

8 NEW SECTION. **Sec. 1.** A new section is added to chapter 18.51 RCW
9 to read as follows:

10 A nursing home that has voluntarily reduced its bed capacity for
11 lesser acuity purposes under RCW 70.38.111(8) may assign qualified
12 staff to perform duties concurrently in both the nursing home units of
13 the facility as well as the units with beds converted to the alternate
14 use. Staffing levels must comply with the department's standards for
15 the highest care need category of patient in each unit.

16 **Sec. 2.** RCW 74.46.431 and 2010 1st sp.s. c 34 s 3 are each amended
17 to read as follows:

18 (1) Nursing facility medicaid payment rate allocations shall be

1 facility-specific and shall have seven components: Direct care,
2 therapy care, support services, operations, property, financing
3 allowance, and variable return. The department shall establish and
4 adjust each of these components, as provided in this section and
5 elsewhere in this chapter, for each medicaid nursing facility in this
6 state.

7 (2) Component rate allocations in therapy care and support services
8 for all facilities shall be based upon a minimum facility occupancy of
9 eighty-five percent of licensed beds, regardless of how many beds are
10 set up or in use. Component rate allocations in operations, property,
11 and financing allowance for essential community providers shall be
12 based upon a minimum facility occupancy of (~~eighty-five~~) eighty
13 percent of licensed beds, regardless of how many beds are set up or in
14 use. Component rate allocations in operations, property, and financing
15 allowance for small nonessential community providers shall be based
16 upon a minimum facility occupancy of ninety percent of licensed beds,
17 regardless of how many beds are set up or in use. Component rate
18 allocations in operations, property, and financing allowance for large
19 nonessential community providers shall be based upon a minimum facility
20 occupancy of ninety-two percent of licensed beds, regardless of how
21 many beds are set up or in use. For all facilities, the component rate
22 allocation in direct care shall be based upon actual facility
23 occupancy. The median cost limits used to set component rate
24 allocations shall be based on the applicable minimum occupancy
25 percentage. In determining each facility's therapy care component rate
26 allocation under RCW 74.46.511, the department shall apply the
27 applicable minimum facility occupancy adjustment before creating the
28 array of facilities' adjusted therapy costs per adjusted resident day.
29 In determining each facility's support services component rate
30 allocation under RCW 74.46.515(3), the department shall apply the
31 applicable minimum facility occupancy adjustment before creating the
32 array of facilities' adjusted support services costs per adjusted
33 resident day. In determining each facility's operations component rate
34 allocation under RCW 74.46.521(3), the department shall apply the
35 minimum facility occupancy adjustment before creating the array of
36 facilities' adjusted general operations costs per adjusted resident
37 day.

1 (3) Information and data sources used in determining medicaid
2 payment rate allocations, including formulas, procedures, cost report
3 periods, resident assessment instrument formats, resident assessment
4 methodologies, and resident classification and case mix weighting
5 methodologies, may be substituted or altered from time to time as
6 determined by the department.

7 (4)(a) Direct care component rate allocations shall be established
8 using adjusted cost report data covering at least six months.
9 Effective July 1, 2009, the direct care component rate allocation shall
10 be rebased, using the adjusted cost report data for the calendar year
11 two years immediately preceding the rate rebase period, so that
12 adjusted cost report data for calendar year 2007 is used for July 1,
13 2009, through June 30, 2012. Beginning July 1, 2012, the direct care
14 component rate allocation shall be rebased biennially during every
15 even-numbered year thereafter using adjusted cost report data from two
16 years prior to the rebase period, so adjusted cost report data for
17 calendar year 2010 is used for July 1, 2012, through June 30, 2014, and
18 so forth.

19 (b) Direct care component rate allocations established in
20 accordance with this chapter shall be adjusted annually for economic
21 trends and conditions by a factor or factors defined in the biennial
22 appropriations act. The economic trends and conditions factor or
23 factors defined in the biennial appropriations act shall not be
24 compounded with the economic trends and conditions factor or factors
25 defined in any other biennial appropriations acts before applying it to
26 the direct care component rate allocation established in accordance
27 with this chapter. When no economic trends and conditions factor or
28 factors for either fiscal year are defined in a biennial appropriations
29 act, no economic trends and conditions factor or factors defined in any
30 earlier biennial appropriations act shall be applied solely or
31 compounded to the direct care component rate allocation established in
32 accordance with this chapter.

33 (5)(a) Therapy care component rate allocations shall be established
34 using adjusted cost report data covering at least six months.
35 Effective July 1, 2009, the therapy care component rate allocation
36 shall be cost rebased, so that adjusted cost report data for calendar
37 year 2007 is used for July 1, 2009, through June 30, 2012. Beginning
38 July 1, 2012, the therapy care component rate allocation shall be

1 rebased biennially during every even-numbered year thereafter using
2 adjusted cost report data from two years prior to the rebase period, so
3 adjusted cost report data for calendar year 2010 is used for July 1,
4 2012, through June 30, 2014, and so forth.

5 (b) Therapy care component rate allocations established in
6 accordance with this chapter shall be adjusted annually for economic
7 trends and conditions by a factor or factors defined in the biennial
8 appropriations act. The economic trends and conditions factor or
9 factors defined in the biennial appropriations act shall not be
10 compounded with the economic trends and conditions factor or factors
11 defined in any other biennial appropriations acts before applying it to
12 the therapy care component rate allocation established in accordance
13 with this chapter. When no economic trends and conditions factor or
14 factors for either fiscal year are defined in a biennial appropriations
15 act, no economic trends and conditions factor or factors defined in any
16 earlier biennial appropriations act shall be applied solely or
17 compounded to the therapy care component rate allocation established in
18 accordance with this chapter.

19 (6)(a) Support services component rate allocations shall be
20 established using adjusted cost report data covering at least six
21 months. Effective July 1, 2009, the support services component rate
22 allocation shall be cost rebased, so that adjusted cost report data for
23 calendar year 2007 is used for July 1, 2009, through June 30, 2012.
24 Beginning July 1, 2012, the support services component rate allocation
25 shall be rebased biennially during every even-numbered year thereafter
26 using adjusted cost report data from two years prior to the rebase
27 period, so adjusted cost report data for calendar year 2010 is used for
28 July 1, 2012, through June 30, 2014, and so forth.

29 (b) Support services component rate allocations established in
30 accordance with this chapter shall be adjusted annually for economic
31 trends and conditions by a factor or factors defined in the biennial
32 appropriations act. The economic trends and conditions factor or
33 factors defined in the biennial appropriations act shall not be
34 compounded with the economic trends and conditions factor or factors
35 defined in any other biennial appropriations acts before applying it to
36 the support services component rate allocation established in
37 accordance with this chapter. When no economic trends and conditions
38 factor or factors for either fiscal year are defined in a biennial

1 appropriations act, no economic trends and conditions factor or factors
2 defined in any earlier biennial appropriations act shall be applied
3 solely or compounded to the support services component rate allocation
4 established in accordance with this chapter.

5 (7)(a) Operations component rate allocations shall be established
6 using adjusted cost report data covering at least six months.
7 Effective July 1, 2009, the operations component rate allocation shall
8 be cost rebased, so that adjusted cost report data for calendar year
9 2007 is used for July 1, 2009, through June 30, 2012. Beginning July
10 1, 2012, the operations care component rate allocation shall be rebased
11 biennially during every even-numbered year thereafter using adjusted
12 cost report data from two years prior to the rebase period, so adjusted
13 cost report data for calendar year 2010 is used for July 1, 2012,
14 through June 30, 2014, and so forth.

15 (b) Operations component rate allocations established in accordance
16 with this chapter shall be adjusted annually for economic trends and
17 conditions by a factor or factors defined in the biennial
18 appropriations act. The economic trends and conditions factor or
19 factors defined in the biennial appropriations act shall not be
20 compounded with the economic trends and conditions factor or factors
21 defined in any other biennial appropriations acts before applying it to
22 the operations component rate allocation established in accordance with
23 this chapter. When no economic trends and conditions factor or factors
24 for either fiscal year are defined in a biennial appropriations act, no
25 economic trends and conditions factor or factors defined in any earlier
26 biennial appropriations act shall be applied solely or compounded to
27 the operations component rate allocation established in accordance with
28 this chapter.

29 (8) Total payment rates under the nursing facility medicaid payment
30 system shall not exceed facility rates charged to the general public
31 for comparable services.

32 (9) The department shall establish in rule procedures, principles,
33 and conditions for determining component rate allocations for
34 facilities in circumstances not directly addressed by this chapter,
35 including but not limited to: Inflation adjustments for partial-period
36 cost report data, newly constructed facilities, existing facilities
37 entering the medicaid program for the first time or after a period of
38 absence from the program, existing facilities with expanded new bed

1 capacity, existing medicaid facilities following a change of ownership
2 of the nursing facility business, facilities temporarily reducing the
3 number of set-up beds during a remodel, facilities having less than six
4 months of either resident assessment, cost report data, or both, under
5 the current contractor prior to rate setting, and other circumstances.

6 (10) The department shall establish in rule procedures, principles,
7 and conditions, including necessary threshold costs, for adjusting
8 rates to reflect capital improvements or new requirements imposed by
9 the department or the federal government. Any such rate adjustments
10 are subject to the provisions of RCW 74.46.421.

11 (11) Effective July 1, 2010, there shall be no rate adjustment for
12 facilities with banked beds. For purposes of calculating minimum
13 occupancy, licensed beds include any beds banked under chapter 70.38
14 RCW.

15 (12) Facilities obtaining a certificate of need or a certificate of
16 need exemption under chapter 70.38 RCW after June 30, 2001, must have
17 a certificate of capital authorization in order for (a) the
18 depreciation resulting from the capitalized addition to be included in
19 calculation of the facility's property component rate allocation; and
20 (b) the net invested funds associated with the capitalized addition to
21 be included in calculation of the facility's financing allowance rate
22 allocation.

23 **Sec. 3.** RCW 74.46.435 and 2010 1st sp.s. c 34 s 5 are each amended
24 to read as follows:

25 (1) The property component rate allocation for each facility shall
26 be determined by dividing the sum of the reported allowable prior
27 period actual depreciation, subject to department rule, adjusted for
28 any capitalized additions or replacements approved by the department,
29 and the retained savings from such cost center, by the greater of a
30 facility's total resident days in the prior period or resident days as
31 calculated on (~~eighty-five~~) eighty percent facility occupancy for
32 essential community providers, ninety percent occupancy for small
33 nonessential community providers, or ninety-two percent facility
34 occupancy for large nonessential community providers. If a capitalized
35 addition or retirement of an asset will result in a different licensed
36 bed capacity during the ensuing period, the prior period total resident

1 days used in computing the property component rate shall be adjusted to
2 anticipated resident day level.

3 (2) A nursing facility's property component rate allocation shall
4 be rebased annually, effective July 1st, in accordance with this
5 section and this chapter.

6 (3) When a certificate of need for a new facility is requested, the
7 department, in reaching its decision, shall take into consideration
8 per-bed land and building construction costs for the facility which
9 shall not exceed a maximum to be established by the secretary.

10 (4) The property component rate allocations calculated in
11 accordance with this section shall be adjusted to the extent necessary
12 to comply with RCW 74.46.421.

13 **Sec. 4.** RCW 74.46.521 and 2010 1st sp.s. c 34 s 16 are each
14 amended to read as follows:

15 (1) The operations component rate allocation corresponds to the
16 general operation of a nursing facility for one resident for one day,
17 including but not limited to management, administration, utilities,
18 office supplies, accounting and bookkeeping, minor building
19 maintenance, minor equipment repairs and replacements, and other
20 supplies and services, exclusive of direct care, therapy care, support
21 services, property, financing allowance, and variable return.

22 (2) The department shall determine each medicaid nursing facility's
23 operations component rate allocation using cost report data specified
24 by RCW 74.46.431(7)(a). Operations component rates for essential
25 community providers shall be based upon a minimum occupancy of
26 (~~eighty-five~~) eighty percent of licensed beds. Operations component
27 rates for small nonessential community providers shall be based upon a
28 minimum occupancy of ninety percent of licensed beds. Operations
29 component rates for large nonessential community providers shall be
30 based upon a minimum occupancy of ninety-two percent of licensed beds.

31 (3) For all calculations and adjustments in this subsection, the
32 department shall use the greater of the facility's actual occupancy or
33 an imputed occupancy equal to (~~eighty-five~~) eighty percent for
34 essential community providers, ninety percent for small nonessential
35 community providers, or ninety-two percent for large nonessential
36 community providers. To determine each facility's operations component
37 rate the department shall:

1 (a) Array facilities' adjusted general operations costs per
2 adjusted resident day, as determined by dividing each facility's total
3 allowable operations cost by its adjusted resident days for the same
4 report period for facilities located within urban counties and for
5 those located within nonurban counties and determine the median
6 adjusted cost for each peer group;

7 (b) Set each facility's operations component rate at the lower of:

8 (i) The facility's per resident day adjusted operations costs from
9 the applicable cost report period adjusted if necessary for minimum
10 occupancy; or

11 (ii) The adjusted median per resident day general operations cost
12 for that facility's peer group, urban counties or nonurban counties;
13 and

14 (c) Adjust each facility's operations component rate for economic
15 trends and conditions as provided in RCW 74.46.431(7)(b).

16 (4) The operations component rate allocations calculated in
17 accordance with this section shall be adjusted to the extent necessary
18 to comply with RCW 74.46.421.

19 NEW SECTION. **Sec. 5.** It is the intent of the legislature to
20 encourage maximization of financial resources eligible and available
21 for nursing home residents by establishing a quality incentive payment
22 system through a temporary nursing home licensing fee surcharge that
23 will ensure better quality nursing facility care for all residents, and
24 which may also be used to secure additional federal matching funds
25 under federally prescribed programs available through the state
26 medicaid plan. The legislature intends to refund any excess fee
27 collections if funding is not sufficient to support the payments
28 provided in this act or if federal financial participation is not
29 received.

30 NEW SECTION. **Sec. 6.** The definitions in this section apply
31 throughout this chapter unless the context clearly requires otherwise.

32 (1) "Department" means the department of social and health
33 services.

34 (2) "Fund" means the nursing facility quality assurance trust fund
35 created in section 7 of this act.

1 (3) "Hospital-based" means a nursing facility that is part of, or
2 a related organization of, a hospital. For the purposes of this
3 subsection, "related organization" means an entity which is under
4 common ownership or control with, or has control of, or is controlled
5 by, the entity that has a contract with the department to provide
6 nursing facility services to medicaid recipients.

7 (4) "Nonexempt nursing facility" means a nursing facility that is
8 not exempt from the licensing fee surcharge under section 8 of this
9 act.

10 (5) "Nursing facility" has the same meaning as "nursing home" in
11 RCW 18.51.010.

12 NEW SECTION. **Sec. 7.** (1) There is hereby established in the state
13 treasury the nursing facility quality assurance trust fund.

14 (2) The nursing facility quality assurance trust fund must be a
15 separate and continuing fund, and no money in the fund reverts to the
16 state general fund at any time. The interest and income on the money
17 in the fund, after deducting any applicable charges, must be credited
18 to the fund.

19 (3) Any money received under section 8 of this act must be
20 deposited in the state treasury for credit to the nursing facility
21 quality assurance trust fund, and must be expended in accordance with
22 this chapter. To the extent authorized by federal law, money in the
23 fund may be used to obtain federal financial participation in the
24 medicaid program to maintain and enhance nursing facility rates in a
25 manner set forth in subsection (6) of this section.

26 (4) Disbursements from the nursing facility quality assurance trust
27 fund must only be used for the following:

28 (a) As an immediate pass-through or rate add-on to reimburse the
29 medicaid share of the nursing facility licensing fee surcharge as a
30 medicaid allowable cost;

31 (b) To make medicaid payments for nursing facility services in an
32 amount sufficient for maintenance and enhancement of the medicaid
33 nursing home rates paid on June 30, 2010; for subsequent enhancement of
34 the medicaid nursing home rate settings; and for funding new standards
35 imposed by the federal government;

36 (c) For quality incentive payments to a nursing facility developed
37 under section 11 of this act; and

1 (d) If federal financial participation in the medicaid program is
2 received by the state, to lower or refund the nursing facility
3 licensing fee surcharge.

4 (5) To administer the provisions of this chapter the department may
5 expend an amount not to exceed one-half of one percent of the money
6 received from the surcharges assessed, and must not exceed the amount
7 authorized for expenditure by the legislature for administrative
8 expenses in a fiscal year.

9 (6) Any positive balance in the fund at the end of a fiscal year
10 must be refunded to nursing facilities in proportion to the amounts
11 paid by such facilities.

12 (7) Expenditures from the nursing facility quality assurance trust
13 fund may not be included in the calculation of the annual statewide
14 weighted average nursing facility payment rate for the purposes of
15 implementing the provisions of RCW 74.46.421(4).

16 NEW SECTION. **Sec. 8.** (1) Annually, before July 1st of each year,
17 the department must collect from all nonexempt nursing facilities a
18 nursing facility licensing fee surcharge of two hundred seventy-five
19 percent of the licensing fee established in RCW 18.51.050.

20 (2) All licensing fee surcharges collected pursuant to this section
21 by the department must be transmitted to the state treasurer who must
22 credit all such amounts to the nursing facility quality assurance trust
23 fund created in section 7 of this act.

24 (3) In accordance with the redistribution method set forth in 42
25 C.F.R. Sec. 433.68(e)(1) and (2), the department must seek a waiver of
26 the broad-based and uniform provider assessment requirements of federal
27 law to exclude certain nursing facilities from the licensing fee
28 surcharge. The department may exempt the following nursing facility
29 providers from the licensing fee surcharge subject to federal approval:

30 (a) Nursing facilities operated by any agency of the state of
31 Washington;

32 (b) Nursing facilities operated by a public hospital district or
33 that are hospital-based; and

34 (c) As many nursing facilities with no or disproportionately low
35 numbers of medicaid-funded residents, as within the judgment of the
36 department, may be exempted from the licensing fee surcharge pursuant
37 to federal law.

1 NEW SECTION. **Sec. 9.** (1) As of the effective date of this
2 section, the department, in cooperation with the office of financial
3 management, may adjust the fee amounts under section 8 of this act as
4 follows:

5 (a) If sufficient other funds for nursing facilities are available
6 to support the reimbursement rates and other payments under section 7
7 of this act without utilizing the full surcharge authorized under
8 section 8 of this act, the department must reduce the amount of the fee
9 to the minimum level necessary to support those reimbursement rates and
10 other payments.

11 (b) Any positive balance remaining in the fund at the end of the
12 fiscal year must be refunded to nursing facilities in proportion to the
13 amounts paid by such facilities.

14 (c) Any adjustment to the fee amounts pursuant to this subsection,
15 and the data supporting such adjustment, including but not limited to
16 relevant data listed in subsection (2) of this section, must be
17 submitted to the Washington health care association, and aging services
18 of Washington, for review and comment at least sixty calendar days
19 prior to implementation of such adjusted fee amounts. Any review and
20 comment provided by the Washington health care association, and aging
21 services of Washington, may not limit the ability of either association
22 or its members to challenge an adjustment or other action by the
23 department that is not made in accordance with this chapter.

24 (2) By November 30th of each year, the department must provide the
25 following data to the Washington health care association, and aging
26 services of Washington:

27 (a) The fund balance; and

28 (b) The amount of fee surcharges paid by each nursing facility.

29 NEW SECTION. **Sec. 10.** (1) The imposition, collection, and
30 disbursement of funds under this chapter become null and void if:

31 (a) Funding in the omnibus appropriations act does not fully
32 support the rates and quality incentive payments established in this
33 chapter for the upcoming fiscal year;

34 (b) Federal financial participation in the medicaid program is not
35 received by the state; or

36 (c) The waiver request under section 8(3) of this act is not
37 approved.

1 (2) This chapter does not take effect or ceases to be imposed, and
2 any moneys remaining in the fund must be refunded to nursing facilities
3 in proportion to the amounts paid by such facilities, if and to the
4 extent that an appellate court or the centers for medicare and medicaid
5 services makes a final determination that any element of this chapter
6 cannot be validly implemented.

7 NEW SECTION. **Sec. 11.** (1) The department, the department of
8 health, the Washington state health care association, and aging
9 services of Washington must design a system of nursing facility quality
10 incentive payments. The system must be based upon the following
11 principles:

12 (a) Evidence-based treatment and processes must be used to improve
13 health care outcomes for all nursing facility residents;

14 (b) Effective purchasing strategies to improve the quality of
15 health care services should involve the use of common quality
16 improvement measures, while recognizing that some measures may not be
17 appropriate for application to facilities with high bariatric,
18 behaviorally challenged, or rehabilitation populations;

19 (c) Quality measures chosen for the system should be consistent
20 with the standards that have been developed by national quality
21 improvement organizations, such as the national quality forum, the
22 federal centers for medicare and medicaid services, or the federal
23 agency for healthcare research and quality. New reporting burdens to
24 nursing facilities should be minimized by giving priority to measures
25 that nursing facilities are currently required to report to
26 governmental agencies, such as the nursing home compare measures
27 collected by the federal centers for medicare and medicaid services;

28 (d) Benchmarks for each quality improvement measure should be set
29 at levels that are feasible for nursing facilities to achieve, yet
30 represent real improvements in quality and performance for a majority
31 of nursing facilities in Washington state; and

32 (e) Nursing facilities performance and incentive payments should be
33 designed in a manner such that all facilities in Washington are able to
34 receive the incentive payments if performance is at or above the
35 benchmark score set in the system established under this section.

36 (2) Upon satisfaction of the applicable conditions set forth in
37 section 10 of this act, and for state fiscal year 2013 and each fiscal

1 year thereafter, fees may be used to support an additional three
2 percent increase in nursing facility reimbursement rates for facilities
3 that meet the quality incentive benchmarks established under this
4 section.

5 **Sec. 12.** RCW 43.84.092 and 2010 1st sp.s. c 30 s 20, 2010 1st
6 sp.s. c 9 s 7, 2010 c 248 s 6, 2010 c 222 s 5, 2010 c 162 s 6, and 2010
7 c 145 s 11 are each reenacted and amended to read as follows:

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

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

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

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

1 enforcement officers' and firefighters' system plan 2 retirement
2 account, the Washington public safety employees' plan 2 retirement
3 account, the Washington school employees' retirement system combined
4 plan 2 and 3 account, the Washington state health insurance pool
5 account, the Washington state patrol retirement account, the Washington
6 State University building account, the Washington State University bond
7 retirement fund, the water pollution control revolving fund, and the
8 Western Washington University capital projects account. Earnings
9 derived from investing balances of the agricultural permanent fund, the
10 normal school permanent fund, the permanent common school fund, the
11 scientific permanent fund, and the state university permanent fund
12 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. 13.** Sections 5 through 11 of this act
23 constitute a new chapter in Title 74 RCW.

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