
HOUSE BILL 2126

State of Washington 62nd Legislature 2011 2nd Special Session

By Representatives Armstrong, Condotta, and Hunter; by request of State Treasurer

Prefiled 11/23/11. Read first time 11/28/11. Referred to Committee on Ways & Means.

1 AN ACT Relating to a plan of finance to prevent the default of
2 bonds issued by distressed public facilities districts; amending RCW
3 82.14.390, 82.14.050, and 43.79A.040; adding new sections to chapter
4 35.57 RCW; adding new sections to chapter 82.14 RCW; creating new
5 sections; and declaring an emergency.

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

7 NEW SECTION. **Sec. 1.** Findings. The legislature finds that
8 preventing a default on debt issued by public facilities districts is
9 in the best interest of the state, its municipalities, and its citizens
10 as a whole. The legislature further finds that it is an important
11 state purpose to provide sufficient tools to assist public facilities
12 districts when the threat of default is imminent. Therefore, the
13 legislature finds it is necessary to act swiftly to provide the tools
14 necessary to prevent a default on debt issued by public facilities
15 districts prior to the next regularly scheduled legislative session.

16 NEW SECTION. **Sec. 2.** A new section is added to chapter 35.57 RCW
17 to read as follows:

18 When a public facilities district qualifies as a distressed public

1 facilities district, the provisions of sections 1 through 10 of this
2 act supersede any agreements or any terms of any agreements between or
3 among the jurisdictions forming the public facilities district to the
4 extent agreements or any terms thereof are inconsistent with sections
5 1 through 10 of this act.

6 NEW SECTION. **Sec. 3.** A new section is added to chapter 35.57 RCW
7 to read as follows:

8 The definitions in this section apply throughout this section and
9 sections 1, 2, and 4 through 10 of this act unless the context clearly
10 requires otherwise.

11 (1) "Anchor jurisdiction" means the city that has entered into an
12 agreement to form a public facilities district that constitutes a
13 distressed public facilities district under this chapter and in which
14 the largest asset of the distressed public facilities district is
15 located.

16 (2) "Distressed public facilities district" means a public
17 facilities district that is at imminent risk of default due to an
18 inability to pay indebtedness on or before December 31, 2011, as
19 determined by the state treasurer.

20 (3) "Indebtedness" means bonds, notes, or other evidences of
21 indebtedness together with interest.

22 (4) "Identified obligation" means an indebtedness of a distressed
23 public facilities district which, without intervention, is at imminent
24 risk of default according to its terms. Notwithstanding any form of
25 refinancing of the identified obligation, including but not limited to
26 a loan administered by the state and any subsequent refinancing of that
27 loan in whole or in part, such an obligation will remain the
28 "identified obligation" until the original amount of the obligation,
29 plus accrued interest, is paid in full.

30 (5) "Loan" or "loan administered by the state" means any
31 expenditure made out of the distressed public facilities district
32 obligation account pursuant to section 4 of this act.

33 (6) "Related jurisdiction" means a city or county that has entered
34 into an agreement to form a public facilities district that is
35 determined to be a distressed public facilities district under this
36 chapter.

1 NEW SECTION. **Sec. 4.** A new section is added to chapter 35.57 RCW
2 to read as follows:

3 (1) The distressed public facilities district obligation account is
4 created in the custody of the state treasurer. Expenditures from the
5 account may be used only for loans to distressed public facilities
6 districts made in accordance with the terms set forth in this section.
7 Only the state treasurer may authorize expenditures from this account.

8 (2) The state treasurer is authorized to make a loan from the
9 distressed public facilities district obligation account to pay the
10 identified obligation of any distressed public facilities district with
11 funds transferred pursuant to section 5 of this act.

12 (3) Any funds applied to the repayment of the loan must be
13 deposited into the distressed public facilities district obligation
14 account. After any expenditures from the account are made as directed
15 in subsection (2) of this section, the state treasurer periodically
16 must transfer the balance in the distressed public facilities district
17 obligation account to the local sales and use tax account, which must
18 include interest accruing on the loan as well as any interest earnings
19 attributable to the distressed public facilities district obligation
20 account.

21 (4) When the state makes a loan to pay an identified obligation,
22 the state treasurer must collect from the distressed public facilities
23 district, the anchor jurisdiction, and related jurisdictions an amount
24 equal to the total amount of the identified obligation including
25 accrued interest. The conditions of the loan and its repayment are as
26 follows:

27 (a) The term of the loan is eleven years subject to prepayment in
28 whole or in part;

29 (b) Interest accrues monthly at a variable rate equal to the twenty
30 bond general obligation bond buyer index plus one percentage point and
31 begins accruing on January 1, 2012; and

32 (c) The taxes identified in subsection (5) of this section, and in
33 the order specified therein, must be diverted from the local sales and
34 use tax account to the distressed public facilities district obligation
35 account for repayment of the loan, in amounts sufficient to make equal
36 monthly payments of principal plus interest over the remaining term.
37 If a lump sum payment is received on a portion of the loan, the
38 principal amount on the outstanding loan must be reduced by the lump

1 sum payment and monthly payments must be recalculated accordingly. In
2 no event may the requirement to make monthly payments be eliminated in
3 any month.

4 (5) The state treasurer must divert taxes collected by the
5 distressed public facilities district, anchor jurisdiction, and related
6 jurisdictions each month for deposit into the distressed public
7 facilities district obligation account in the following priority order
8 until each respective monthly obligation is met:

9 (a) If the distressed public facilities district imposes the
10 maximum tax allowed under section 6 of this act:

11 (i) First, all taxes collected by or on behalf of the distressed
12 public facilities district pursuant to RCW 82.14.390 beginning January
13 1, 2013;

14 (ii) Second, all taxes collected by or on behalf of the distressed
15 public facilities district pursuant to section 6 of this act beginning
16 on the first day such taxes would otherwise be disbursed to the
17 distressed public facilities district;

18 (iii) Third, all taxes collected by or on behalf of the anchor
19 jurisdiction under section 7 of this act beginning on the first day
20 such taxes would otherwise be disbursed to the anchor jurisdiction;

21 (iv) Fourth, all taxes collected by or on behalf of any related
22 jurisdiction under section 7 of this act beginning on the first day
23 such taxes would otherwise be disbursed to the related jurisdiction;
24 and

25 (v) Fifth, taxes collected by or on behalf of the anchor
26 jurisdiction under RCW 82.14.030 beginning January 1, 2013, to the
27 extent monthly payment obligations cannot be met with revenues
28 collected from (a)(i) through (iv) of this subsection (5).

29 (b) If the distressed public facilities district does not impose
30 the maximum amount of the tax provided for in section 6 of this act:

31 (i) First, all taxes collected by or on behalf of the distressed
32 public facilities district pursuant to RCW 82.14.390 beginning January
33 1, 2013;

34 (ii) Second, all taxes collected by or on behalf of the distressed
35 public facilities district pursuant to section 6 of this act beginning
36 on the first day such taxes would otherwise be disbursed to the
37 distressed public facilities district;

1 (iii) Third, taxes collected by or on behalf of a related
2 jurisdiction or anchor jurisdiction pursuant to section 7 of this act
3 beginning on the first day such taxes would otherwise be disbursed to
4 the jurisdiction. The amount so collected by or on behalf of a
5 jurisdiction in a given month must be credited against the amount owed
6 in that month by such jurisdiction under (b)(iv) of this subsection
7 (5). Any excess collected must also be applied to repayment of the
8 loan;

9 (iv) Fourth, taxes collected by or on behalf of the anchor
10 jurisdiction and related jurisdictions pursuant to RCW 82.14.030 in an
11 aggregate amount which, when combined with any taxes collected under
12 section 6 of this act, will equal fifty percent of the monthly payment
13 due on the loan. Such aggregate amount must be collected from the
14 anchor jurisdiction and related jurisdictions on a pro rata basis based
15 on the percentage of local sales tax collected by each jurisdiction in
16 the preceding calendar year, or based on an allocation among the
17 jurisdictions specified in an agreement adopted by all of the related
18 jurisdictions. If a lump sum payment is received on a portion of the
19 loan, the principal amount on the outstanding loan must be reduced by
20 the lump sum payment and monthly payments must be recalculated
21 accordingly; and

22 (v) Fifth, taxes collected by or on behalf of the anchor
23 jurisdiction pursuant to RCW 82.14.030 and any other legally available
24 revenue of the anchor jurisdiction to the extent monthly payment
25 obligations cannot be met with revenues collected from (b)(i) through
26 (iv) of this subsection (5).

27 (6) Diversion of taxes under subsection (5) of this section
28 terminates once the loan and any accumulated interest have been paid in
29 full. Any excess remaining in the distressed public facilities
30 district obligation account must be transferred to the distressed
31 public facilities district.

32 (7) Any taxes collected pursuant to RCW 82.14.390 or section 6 or
33 7 of this act may be pledged by the distressed public facilities
34 district, anchor jurisdiction, or related jurisdiction respectively, to
35 bonds issued to retire the loan or any portion of the loan administered
36 by the state. So long as any portion of the loan to the state is
37 outstanding, taxes may be pledged accordingly:

1 (a) If a distressed public facilities district issues bonds to
2 repay a portion of the loan, taxes authorized to be levied by such
3 district under RCW 82.14.390 and section 6 of this act may be pledged
4 by such district to the repayment of the indebtedness provided that
5 amounts collected but not required for the next scheduled principal and
6 interest payment must remain available to the state for repayment of
7 the loan;

8 (b) If an anchor jurisdiction issues bonds to repay a portion of
9 the loan, taxes authorized under section 7 of this act and imposed by
10 the anchor jurisdiction may be pledged by the anchor jurisdiction to
11 the repayment of the indebtedness provided that amounts collected but
12 not required for the next scheduled principal and interest payment must
13 remain available to the state for repayment of the loan; and

14 (c) If a related jurisdiction issues bonds to repay a portion of
15 the loan, taxes authorized under section 7 of this act and imposed by
16 that related jurisdiction may be pledged to the repayment of such
17 indebtedness. However, amounts collected but not required for the next
18 scheduled principal and interest payment must remain available to the
19 state for repayment of the loan.

20 NEW SECTION. **Sec. 5.** On the effective date of this section, the
21 state treasurer must transfer into the distressed public facilities
22 district obligation account from the local sales and use tax account
23 the sum of forty-two million dollars.

24 NEW SECTION. **Sec. 6.** A new section is added to chapter 82.14 RCW
25 to read as follows:

26 (1) Notwithstanding anything to the contrary in law or by agreement
27 among the cities or counties forming a public facilities district under
28 chapter 35.57 RCW, the governing body of a public facilities district
29 that qualifies as a distressed public facilities district, as defined
30 in section 3 of this act, may, by majority vote, impose a sales and use
31 tax as described in this section. Alternatively, the governing body
32 may submit an authorizing proposition to the voters of the district,
33 and if the proposition is approved by a majority of the persons voting,
34 impose such a sales and use tax. The tax is in addition to other taxes
35 authorized by law and is collected from those persons who are taxable
36 by the state under chapters 82.08 and 82.12 RCW upon the occurrence of

1 any taxable event within the taxing jurisdiction. The rate of tax may
2 not exceed two-tenths of one percent of the selling price, in the case
3 of a sales tax, or value of the article used, in the case of a use tax.

4 (2) The governing body of a distressed public facilities district
5 must provide in its resolution authorizing such a tax:

6 (a) The maximum amount of the identified obligation, as defined in
7 section 3 of this act, to be paid with the proceeds of the tax and the
8 maximum term or terms of its repayment;

9 (b) The amount of revenue currently collected by the distressed
10 public facilities district; and

11 (c) The maximum amount of tax revenue needed to pay the identified
12 obligation.

13 (3) Once imposed, this tax remains in effect so long as any portion
14 of the identified obligation is outstanding.

15 (4) A distressed public facilities district may not impose the tax
16 authorized in this section after December 31st of the year in which the
17 identified obligation has been paid or legally defeased.

18 NEW SECTION. **Sec. 7.** A new section is added to chapter 82.14 RCW
19 to read as follows:

20 (1) The legislative authority of either an anchor jurisdiction or
21 a related jurisdiction of a distressed public facilities district as
22 defined in section 3 of this act, may, by majority vote, impose a sales
23 and use tax in accordance with the requirements of this section.
24 Alternatively, the legislative authority may submit an authorizing
25 proposition to the voters, and if the proposition is approved by a
26 majority of the persons voting, impose such a sales and use tax. The
27 tax is in addition to other taxes authorized by law and is collected
28 from those persons who are taxable by the state under chapters 82.08
29 and 82.12 RCW upon the occurrence of any taxable event within the
30 taxing jurisdiction. The rate of tax may not exceed two-tenths of one
31 percent of the selling price, in the case of a sales tax, or value of
32 the article used, in the case of a use tax.

33 (2) Any tax imposed under this section must be directed in the
34 following priority order:

35 (a) First, to make debt service payments or other repayments on
36 debt issued to which the taxes are pledged by the anchor jurisdiction
37 or related jurisdiction as defined in section 3 of this act;

1 (b) Second, to repay the loan administered by the state to the
2 distressed public facilities district as defined in section 3 of this
3 act, according to its terms; and

4 (c) Third, to make payments to the distressed public facilities
5 district to increase revenues available to it for capital improvements,
6 operations, or to build reserves.

7 (3) Neither an anchor jurisdiction nor a related jurisdiction may
8 impose the tax authorized in this section after December 31st of the
9 year in which the identified obligation has been paid or legally
10 defeased.

11 **Sec. 8.** RCW 82.14.390 and 2011 1st sp.s. c 50 s 973 are each
12 amended to read as follows:

13 (1) Except as provided in subsection (7) of this section, the
14 governing body of a public facilities district (a) created before July
15 31, 2002, under chapter 35.57 or 36.100 RCW that commences construction
16 of a new regional center, or improvement or rehabilitation of an
17 existing new regional center, before January 1, 2004; (b) created
18 before July 1, 2006, under chapter 35.57 RCW in a county or counties in
19 which there are no other public facilities districts on June 7, 2006,
20 and in which the total population in the public facilities district is
21 greater than ninety thousand that commences construction of a new
22 regional center before February 1, 2007; (c) created under the
23 authority of RCW 35.57.010(1)(d); or (d) created before September 1,
24 2007, under chapter 35.57 or 36.100 RCW, in a county or counties in
25 which there are no other public facilities districts on July 22, 2007,
26 and in which the total population in the public facilities district is
27 greater than seventy thousand, that commences construction of a new
28 regional center before January 1, 2009, or before January 1, 2011, in
29 the case of a new regional center in a county designated by the
30 president as a disaster area in December 2007, may impose a sales and
31 use tax in accordance with the terms of this chapter. The tax is in
32 addition to other taxes authorized by law and must be collected from
33 those persons who are taxable by the state under chapters 82.08 and
34 82.12 RCW upon the occurrence of any taxable event within the public
35 facilities district. The rate of tax may not exceed 0.033 percent of
36 the selling price in the case of a sales tax or value of the article
37 used in the case of a use tax.

1 (2)(a) The governing body of a public facilities district imposing
2 a sales and use tax under the authority of this section may increase
3 the rate of tax up to 0.037 percent if, within three fiscal years of
4 July 1, 2008, the department determines that, as a result of RCW
5 82.14.490 and the chapter 6, Laws of 2007 amendments to RCW 82.14.020,
6 a public facilities district's sales and use tax collections for fiscal
7 years after July 1, 2008, have been reduced by a net loss of at least
8 0.50 percent from the fiscal year before July 1, 2008. The fiscal year
9 in which this section becomes effective is the first fiscal year after
10 July 1, 2008.

11 (b) The department must determine sales and use tax collection net
12 losses under this section as provided in RCW 82.14.500 (2) and (3).
13 The department must provide written notice of its determinations to
14 public facilities districts. Determinations by the department of a
15 public facilities district's sales and use tax collection net losses as
16 a result of RCW 82.14.490 and the chapter 6, Laws of 2007 amendments to
17 RCW 82.14.020 are final and not appealable.

18 (c) A public facilities district may increase its rate of tax after
19 it has received written notice from the department as provided in (b)
20 of this subsection. The increase in the rate of tax must be made in
21 0.001 percent increments and must be the least amount necessary to
22 mitigate the net loss in sales and use tax collections as a result of
23 RCW 82.14.490 and the chapter 6, Laws of 2007 amendments to RCW
24 82.14.020. The increase in the rate of tax is subject to RCW
25 82.14.055.

26 (3) The tax imposed under subsection (1) of this section must be
27 deducted from the amount of tax otherwise required to be collected or
28 paid over to the department of revenue under chapter 82.08 or 82.12
29 RCW. The department of revenue must perform the collection of such
30 taxes on behalf of the county at no cost to the public facilities
31 district. During the 2011-2013 fiscal biennium, distributions by the
32 state to a public facilities district based on the additional rate
33 authorized in subsection (2) of this section must be reduced by 3.4
34 percent.

35 (4)(a) No tax may be collected under this section before August 1,
36 2000. Subject to (b) of this subsection, the tax imposed in this
37 section expires when:

1 (i) The bonds issued for the construction of the regional center
2 and related parking facilities are retired(~~(, but)~~); or

3 (ii) The identified obligation of a distressed public facilities
4 district has been paid. For the purposes of this subsection,
5 "identified obligation" and "distressed public facilities district"
6 have the same meanings as provided in section 3 of this act.

7 (b) The tax imposed in this section must expire not more than
8 twenty-five years after the tax is first collected.

9 (5) Moneys collected under this section may only be used for the
10 purposes set forth in RCW 35.57.020 and, sections 2 and 4 of this act
11 and must be matched with an amount from other public or private sources
12 equal to thirty-three percent of the amount collected under this
13 section; however, amounts generated from nonvoter approved taxes
14 authorized under chapter 35.57 RCW or nonvoter approved taxes
15 authorized under chapter 36.100 RCW do not constitute a public or
16 private source. For the purpose of this section, public or private
17 sources includes, but is not limited to cash or in-kind contributions
18 used in all phases of the development or improvement of the regional
19 center, land that is donated and used for the siting of the regional
20 center, cash or in-kind contributions from public or private
21 foundations, or amounts attributed to private sector partners as part
22 of a public and private partnership agreement negotiated by the public
23 facilities district.

24 (6) The combined total tax levied under this section may not be
25 greater than 0.037 percent. If both a public facilities district
26 created under chapter 35.57 RCW and a public facilities district
27 created under chapter 36.100 RCW impose a tax under this section, the
28 tax imposed by a public facilities district created under chapter 35.57
29 RCW must be credited against the tax imposed by a public facilities
30 district created under chapter 36.100 RCW.

31 (7) A public facilities district created under chapter 36.100 RCW
32 is not eligible to impose the tax under this section if the legislative
33 authority of the county where the public facilities district is located
34 has imposed a sales and use tax under RCW 82.14.0485 or 82.14.0494.

35 **Sec. 9.** RCW 82.14.050 and 2009 c 469 s 107 are each amended to
36 read as follows:

37 (1) The counties, cities, and transportation authorities under RCW

1 82.14.045, public facilities districts under chapters 36.100 and 35.57
2 RCW, public transportation benefit areas under RCW 82.14.440, regional
3 transportation investment districts, and transportation benefit
4 districts under chapter 36.73 RCW shall contract, prior to the
5 effective date of a resolution or ordinance imposing a sales and use
6 tax, the administration and collection to the state department of
7 revenue, which shall deduct a percentage amount, as provided by
8 contract, not to exceed two percent of the taxes collected for
9 administration and collection expenses incurred by the department. The
10 remainder of any portion of any tax authorized by this chapter that is
11 collected by the department of revenue shall be deposited by the state
12 department of revenue in the local sales and use tax account hereby
13 created in the state treasury. Moneys in the local sales and use tax
14 account may be withdrawn only for:

15 (a) Distribution to counties, cities, transportation authorities,
16 public facilities districts, public transportation benefit areas,
17 regional transportation investment districts, and transportation
18 benefit districts imposing a sales and use tax; (~~and~~)

19 (b) Making refunds of taxes imposed under the authority of this
20 chapter and RCW 81.104.170 and exempted under RCW 82.08.962 and
21 82.12.962; and

22 (c) Transfers to the distressed public facilities district
23 obligation account as provided in section 5 of this act.

24 (2) All administrative provisions in chapters 82.03, 82.08, 82.12,
25 and 82.32 RCW, as they now exist or may hereafter be amended, shall,
26 insofar as they are applicable to state sales and use taxes, be
27 applicable to taxes imposed pursuant to this chapter.

28 (3) Counties, cities, transportation authorities, public facilities
29 districts, and regional transportation investment districts may not
30 conduct independent sales or use tax audits of sellers registered under
31 the streamlined sales tax agreement.

32 (4) Except as provided in RCW 43.08.190, all earnings of
33 investments of balances in the local sales and use tax account shall be
34 credited to the local sales and use tax account and distributed to the
35 counties, cities, transportation authorities, public facilities
36 districts, public transportation benefit areas, regional transportation
37 investment districts, and transportation benefit districts monthly.

1 **Sec. 10.** RCW 43.79A.040 and 2011 1st sp.s. c 37 s 603 are each
2 amended to read as follows:

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

8 (2) All income received from investment of the treasurer's trust
9 fund must be set aside in an account in the treasury trust fund to be
10 known as the investment income account.

11 (3) The investment income account may be utilized for the payment
12 of purchased banking services on behalf of treasurer's trust funds
13 including, but not limited to, depository, safekeeping, and
14 disbursement functions for the state treasurer or affected state
15 agencies. The investment income account is subject in all respects to
16 chapter 43.88 RCW, but no appropriation is required for payments to
17 financial institutions. Payments must occur prior to distribution of
18 earnings set forth in subsection (4) of this section.

19 (4)(a) Monthly, the state treasurer must distribute the earnings
20 credited to the investment income account to the state general fund
21 except under (b), (c), and (d) of this subsection.

22 (b) The following accounts and funds must receive their
23 proportionate share of earnings based upon each account's or fund's
24 average daily balance for the period: The Washington promise
25 scholarship account, the college savings program account, the
26 Washington advanced college tuition payment program account, the
27 accessible communities account, the community and technical college
28 innovation account, the agricultural local fund, the American Indian
29 scholarship endowment fund, the foster care scholarship endowment fund,
30 the foster care endowed scholarship trust fund, the students with
31 dependents grant account, the basic health plan self-insurance reserve
32 account, the contract harvesting revolving account, the Washington
33 state combined fund drive account, the commemorative works account, the
34 county enhanced 911 excise tax account, the Washington international
35 exchange scholarship endowment fund, the toll collection account, the
36 developmental disabilities endowment trust fund, the distressed public
37 facilities district obligation account, the energy account, the fair
38 fund, the family leave insurance account, the food animal veterinarianian

1 conditional scholarship account, the fruit and vegetable inspection
2 account, the future teachers conditional scholarship account, the game
3 farm alternative account, the GET ready for math and science
4 scholarship account, the Washington global health technologies and
5 product development account, the grain inspection revolving fund, the
6 industrial insurance rainy day fund, the juvenile accountability
7 incentive account, the law enforcement officers' and firefighters' plan
8 2 expense fund, the local tourism promotion account, the pilotage
9 account, the produce railcar pool account, the regional transportation
10 investment district account, the rural rehabilitation account, the
11 stadium and exhibition center account, the youth athletic facility
12 account, the self-insurance revolving fund, the sulfur dioxide
13 abatement account, the children's trust fund, the Washington horse
14 racing commission Washington bred owners' bonus fund and breeder awards
15 account, the Washington horse racing commission class C purse fund
16 account, the individual development account program account, the
17 Washington horse racing commission operating account (earnings from the
18 Washington horse racing commission operating account must be credited
19 to the Washington horse racing commission class C purse fund account),
20 the life sciences discovery fund, the Washington state heritage center
21 account, the reduced cigarette ignition propensity account, and the
22 reading achievement account.

23 (c) The following accounts and funds must receive eighty percent of
24 their proportionate share of earnings based upon each account's or
25 fund's average daily balance for the period: The advanced right-of-way
26 revolving fund, the advanced environmental mitigation revolving
27 account, the federal narcotics asset forfeitures account, the high
28 occupancy vehicle account, the local rail service assistance account,
29 and the miscellaneous transportation programs account.

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

37 (5) In conformance with Article II, section 37 of the state

1 Constitution, no trust accounts or funds shall be allocated earnings
2 without the specific affirmative directive of this section.

3 NEW SECTION. **Sec. 11.** If any provision of this act or its
4 application to any person or circumstance is held invalid, the
5 remainder of the act or the application of the provision to other
6 persons or circumstances is not affected.

7 NEW SECTION. **Sec. 12.** This act is necessary for the immediate
8 preservation of the public peace, health, or safety, or support of the
9 state government and its existing public institutions, and takes effect
10 immediately.

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