
HOUSE BILL 2145

State of Washington 62nd Legislature 2011 2nd Special Session

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

Read first time 12/02/11. Referred to Committee on Ways & Means.

1 AN ACT Relating to a limited plan of finance upon a default of
2 indebtedness issued by distressed public facilities districts; amending
3 RCW 82.14.390, 82.14.050, and 43.79A.040; adding new sections to
4 chapter 35.57 RCW; adding new sections to chapter 82.14 RCW; creating
5 new 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 providing limited assistance upon a default on indebtedness issued by
9 public facilities districts through a loan is in the best interest of
10 the state, its municipalities, and its citizens as a whole. The
11 legislature further finds that it is an important state purpose to
12 provide sufficient tools to assist public facilities districts when a
13 default has occurred. Therefore, the legislature finds it is necessary
14 to act swiftly to provide the tools necessary upon a default on
15 indebtedness issued by public facilities districts prior to the next
16 regularly scheduled legislative session.

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

1 When a public facilities district qualifies as a distressed public
2 facilities district, the provisions of sections 1 through 11 of this
3 act supersede any agreements or any terms of any agreements between or
4 among the jurisdictions forming the public facilities district to the
5 extent agreements or any terms thereof are inconsistent with sections
6 1 through 11 of this act.

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

9 The definitions in this section apply throughout this section and
10 sections 1, 2, and 4 through 11 of this act unless the context clearly
11 requires otherwise.

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

17 (2) "Distressed public facilities district" means a public
18 facilities district that has defaulted due to an inability to pay
19 indebtedness on or before December 31, 2011.

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 is in default according to its terms.
24 Notwithstanding any form of refinancing of the identified obligation,
25 including but not limited to a loan administered by the state and any
26 subsequent refinancing of that loan in whole or in part, such an
27 obligation will remain the "identified obligation" until the original
28 amount of the obligation including without limitation, the refinancing,
29 plus accrued interest, is repaid 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. This loan may be
12 made with or without the consent of the distressed public facilities
13 district. Any loan made under this section will be limited to the
14 payment of unpaid principal and interest due on the scheduled maturity
15 of the identified obligation and will not include any amounts,
16 including but not limited to interest, that may arise as a result of
17 and subsequent to the default.

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

27 (4) When the state makes a loan pursuant to this section, the state
28 treasurer must collect from the distressed public facilities district,
29 the anchor jurisdiction, and related jurisdictions an amount equal to
30 the total amount of the identified obligation including accrued
31 interest. The conditions of the loan and its repayment are as follows:

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

34 (b) Interest accrues monthly at a variable rate equal to the twenty
35 bond general obligation bond buyer index plus one percentage point and
36 begins accruing on the first day of the month following the month in
37 which the loan was made; and

1 (c) The taxes identified in subsection (5) of this section, and in
2 the order specified therein, must be transferred from the local sales
3 and use tax account to the distressed public facilities district
4 obligation account for repayment of the loan, in amounts sufficient to
5 make equal monthly payments of principal plus interest over the
6 remaining term. If a lump sum payment is received by the state in
7 repayment of any portion of the loan, the principal amount on the
8 outstanding loan must be reduced by the lump sum payment and monthly
9 payments must be recalculated accordingly. In no event may the
10 requirement to make monthly payments be eliminated in any month.

11 (5) The state treasurer must transfer taxes that would otherwise be
12 distributed to the distressed public facilities district, anchor
13 jurisdiction, and related jurisdictions into the distressed public
14 facilities district obligation account in the following priority order:

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

17 (i) First, all taxes that would otherwise be distributed to the
18 distressed public facilities district pursuant to RCW 82.14.390
19 beginning January 1, 2013;

20 (ii) Second, all taxes that would otherwise be distributed to the
21 distressed public facilities district pursuant to section 6 of this act
22 beginning on the first day such taxes would otherwise be disbursed to
23 the distressed public facilities district;

24 (iii) Third, all taxes that would otherwise be distributed to the
25 anchor jurisdiction under section 7 of this act beginning on the first
26 day such taxes would otherwise be disbursed to the anchor jurisdiction;

27 (iv) Fourth, all taxes that would otherwise be distributed to any
28 related jurisdiction under section 7 of this act beginning on the first
29 day such taxes would otherwise be disbursed to the related
30 jurisdiction; and

31 (v) Fifth, taxes that would otherwise be distributed to the anchor
32 jurisdiction under RCW 82.14.030 beginning January 1st of the second
33 year following the year in which the loan was made to the extent
34 monthly payment obligations as determined by the state treasurer,
35 cannot be met with revenues collected from (a)(i) through (iv) of this
36 subsection (5).

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

1 (i) First, all taxes that would otherwise be distributed to the
2 distressed public facilities district pursuant to RCW 82.14.390
3 beginning January 1, 2013;

4 (ii) Second, all taxes that would otherwise be distributed to the
5 distressed public facilities district pursuant to section 6 of this act
6 beginning on the first day such taxes would otherwise be disbursed to
7 the distressed public facilities district;

8 (iii) Third, taxes that would otherwise be distributed to a related
9 jurisdiction or anchor jurisdiction pursuant to section 7 of this act
10 beginning on the first day such taxes would otherwise be disbursed to
11 the jurisdiction. The amount transferred from a jurisdiction in a
12 given month must be credited against the amount owed in that month by
13 such jurisdiction under (b)(iv) of this subsection (5). Any excess
14 collected must also be applied to repayment of the loan;

15 (iv) Fourth, taxes that would otherwise be distributed to the
16 anchor jurisdiction and related jurisdictions pursuant to RCW 82.14.030
17 in an aggregate amount which, when combined with any taxes imposed
18 under section 6 of this act and subsequently transferred according to
19 this section, will equal fifty percent of the monthly payment due on
20 the loan. Such aggregate amount must be collected from the anchor
21 jurisdiction and related jurisdictions on a pro rata basis based on the
22 percentage of local sales tax collected by each jurisdiction in the
23 preceding calendar year under RCW 82.14.030, or based on an allocation
24 among the jurisdictions specified in an agreement adopted by all of the
25 related jurisdictions. If a lump sum payment is received on a portion
26 of the loan, the principal amount on the outstanding loan must be
27 reduced by the lump sum payment and monthly payments must be
28 recalculated and reflected in the next months' payment obligation; and

29 (v) Fifth, taxes that would otherwise be distributed to the anchor
30 jurisdiction pursuant to RCW 82.14.030 and any other legally available
31 revenue of the anchor jurisdiction to the extent monthly payment
32 obligations cannot be met with revenues collected from (b)(i) through
33 (iv) of this subsection (5).

34 (6) Diversion of taxes under subsection (5) of this section
35 terminates once the loan and any accumulated interest have been paid in
36 full. Any excess remaining in the distressed public facilities
37 district obligation account must be transferred to the distressed
38 public facilities district.

1 (7) Any taxes collected pursuant to RCW 82.14.390 or section 6 or
2 7 of this act may be pledged by the distressed public facilities
3 district, anchor jurisdiction, or related jurisdiction respectively, to
4 bonds issued to retire the loan or any portion of the loan administered
5 by the state. So long as any portion of the loan to the state is
6 outstanding, taxes may be pledged as follows:

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

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

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

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

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

33 (1) Notwithstanding anything to the contrary in law or by agreement
34 among the cities or counties forming a public facilities district under
35 chapter 35.57 RCW, the governing body of a public facilities district
36 that qualifies as a distressed public facilities district, as defined

1 in section 3 of this act, may submit an authorizing proposition to the
2 voters of the district and, if the proposition is approved by a
3 majority of the persons voting, impose such a sales and use tax. The
4 tax is in addition to other taxes authorized by law and is collected
5 from those persons who are taxable by the state under chapters 82.08
6 and 82.12 RCW upon the occurrence of any taxable event within the
7 taxing jurisdiction. The rate of tax may not exceed two-tenths of one
8 percent of the selling price, in the case of a sales tax, or value of
9 the article used, in the case of a use tax.

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

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

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

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

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

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

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

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

1 percent of the selling price, in the case of a sales tax, or value of
2 the article used, in the case of a use tax.

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

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

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

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

14 (3)(a) In no event may a tax imposed under this section cause the
15 tax for any anchor or related jurisdiction, when combined with the tax
16 authorized under section 6 of this act, to exceed two-tenths of one
17 percent.

18 (b) If a tax is imposed under this section but not otherwise
19 pledged to repay indebtedness, and a distressed public facilities
20 district subsequently imposes a tax under section 6 of this act, an
21 anchor or related jurisdiction within six months of the imposition of
22 the tax under section 6 of this act must adjust or eliminate its tax
23 accordingly.

24 (4) Neither an anchor jurisdiction nor a related jurisdiction may
25 impose the tax authorized in this section after December 31st of the
26 year in which the identified obligation has been paid or legally
27 defeased.

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

30 (1) Except as provided in subsection (7) of this section, the
31 governing body of a public facilities district (a) created before July
32 31, 2002, under chapter 35.57 or 36.100 RCW that commences construction
33 of a new regional center, or improvement or rehabilitation of an
34 existing new regional center, before January 1, 2004; (b) created
35 before July 1, 2006, under chapter 35.57 RCW in a county or counties in
36 which there are no other public facilities districts on June 7, 2006,
37 and in which the total population in the public facilities district is

1 greater than ninety thousand that commences construction of a new
2 regional center before February 1, 2007; (c) created under the
3 authority of RCW 35.57.010(1)(d); or (d) created before September 1,
4 2007, under chapter 35.57 or 36.100 RCW, in a county or counties in
5 which there are no other public facilities districts on July 22, 2007,
6 and in which the total population in the public facilities district is
7 greater than seventy thousand, that commences construction of a new
8 regional center before January 1, 2009, or before January 1, 2011, in
9 the case of a new regional center in a county designated by the
10 president as a disaster area in December 2007, may impose a sales and
11 use tax in accordance with the terms of this chapter. The tax is in
12 addition to other taxes authorized by law and must be collected from
13 those persons who are taxable by the state under chapters 82.08 and
14 82.12 RCW upon the occurrence of any taxable event within the public
15 facilities district. The rate of tax may not exceed 0.033 percent of
16 the selling price in the case of a sales tax or value of the article
17 used in the case of a use tax.

18 (2)(a) The governing body of a public facilities district imposing
19 a sales and use tax under the authority of this section may increase
20 the rate of tax up to 0.037 percent if, within three fiscal years of
21 July 1, 2008, the department determines that, as a result of RCW
22 82.14.490 and the chapter 6, Laws of 2007 amendments to RCW 82.14.020,
23 a public facilities district's sales and use tax collections for fiscal
24 years after July 1, 2008, have been reduced by a net loss of at least
25 0.50 percent from the fiscal year before July 1, 2008. The fiscal year
26 in which this section becomes effective is the first fiscal year after
27 July 1, 2008.

28 (b) The department must determine sales and use tax collection net
29 losses under this section as provided in RCW 82.14.500 (2) and (3).
30 The department must provide written notice of its determinations to
31 public facilities districts. Determinations by the department of a
32 public facilities district's sales and use tax collection net losses as
33 a result of RCW 82.14.490 and the chapter 6, Laws of 2007 amendments to
34 RCW 82.14.020 are final and not appealable.

35 (c) A public facilities district may increase its rate of tax after
36 it has received written notice from the department as provided in (b)
37 of this subsection. The increase in the rate of tax must be made in
38 0.001 percent increments and must be the least amount necessary to

1 mitigate the net loss in sales and use tax collections as a result of
2 RCW 82.14.490 and the chapter 6, Laws of 2007 amendments to RCW
3 82.14.020. The increase in the rate of tax is subject to RCW
4 82.14.055.

5 (3) The tax imposed under subsection (1) of this section must be
6 deducted from the amount of tax otherwise required to be collected or
7 paid over to the department of revenue under chapter 82.08 or 82.12
8 RCW. The department of revenue must perform the collection of such
9 taxes on behalf of the county at no cost to the public facilities
10 district. During the 2011-2013 fiscal biennium, distributions by the
11 state to a public facilities district based on the additional rate
12 authorized in subsection (2) of this section must be reduced by 3.4
13 percent.

14 (4)(a) No tax may be collected under this section before August 1,
15 2000. Subject to (b) of this subsection, the tax imposed in this
16 section expires when the later of the following has occurred:

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

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

23 (b) Notwithstanding (a) of this subsection (4), the tax imposed in
24 this section must expire not more than twenty-five years after the tax
25 is first collected.

26 (5) Moneys collected under this section may only be used for the
27 purposes set forth in RCW 35.57.020 and, sections 2 and 4 of this act
28 and must be matched with an amount from other public or private sources
29 equal to thirty-three percent of the amount collected under this
30 section; however, amounts generated from nonvoter approved taxes
31 authorized under chapter 35.57 RCW or nonvoter approved taxes
32 authorized under chapter 36.100 RCW do not constitute a public or
33 private source. For the purpose of this section, public or private
34 sources includes, but is not limited to cash or in-kind contributions
35 used in all phases of the development or improvement of the regional
36 center, land that is donated and used for the siting of the regional
37 center, cash or in-kind contributions from public or private

1 foundations, or amounts attributed to private sector partners as part
2 of a public and private partnership agreement negotiated by the public
3 facilities district.

4 (6) The combined total tax levied under this section may not be
5 greater than 0.037 percent. If both a public facilities district
6 created under chapter 35.57 RCW and a public facilities district
7 created under chapter 36.100 RCW impose a tax under this section, the
8 tax imposed by a public facilities district created under chapter 35.57
9 RCW must be credited against the tax imposed by a public facilities
10 district created under chapter 36.100 RCW.

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

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

17 (1) The counties, cities, and transportation authorities under RCW
18 82.14.045, public facilities districts under chapters 36.100 and 35.57
19 RCW, public transportation benefit areas under RCW 82.14.440, regional
20 transportation investment districts, and transportation benefit
21 districts under chapter 36.73 RCW shall contract, prior to the
22 effective date of a resolution or ordinance imposing a sales and use
23 tax, the administration and collection to the state department of
24 revenue, which shall deduct a percentage amount, as provided by
25 contract, not to exceed two percent of the taxes collected for
26 administration and collection expenses incurred by the department. The
27 remainder of any portion of any tax authorized by this chapter that is
28 collected by the department of revenue shall be deposited by the state
29 department of revenue in the local sales and use tax account hereby
30 created in the state treasury. Moneys in the local sales and use tax
31 account may be withdrawn only for:

32 (a) Distribution to counties, cities, transportation authorities,
33 public facilities districts, public transportation benefit areas,
34 regional transportation investment districts, and transportation
35 benefit districts imposing a sales and use tax; (~~and~~)

36 (b) Making refunds of taxes imposed under the authority of this

1 chapter and RCW 81.104.170 and exempted under RCW 82.08.962 and
2 82.12.962; and

3 (c) Transfers to the distressed public facilities district
4 obligation account as provided in sections 4 and 5 of this act.

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

9 (3) Counties, cities, transportation authorities, public facilities
10 districts, and regional transportation investment districts may not
11 conduct independent sales or use tax audits of sellers registered under
12 the streamlined sales tax agreement.

13 (4) Except as provided in RCW 43.08.190, all earnings of
14 investments of balances in the local sales and use tax account shall be
15 credited to the local sales and use tax account and distributed to the
16 counties, cities, transportation authorities, public facilities
17 districts, public transportation benefit areas, regional transportation
18 investment districts, and transportation benefit districts monthly.

19 NEW SECTION. Sec. 10. (1) The Washington state treasurer and
20 Washington state auditor must examine the financial condition of the
21 state's two thousand four hundred local governmental entities to
22 identify those in which there may be indications of financial distress.

23 (a) The state treasurer and state auditor must consult with local
24 government associations, the municipal research services center, the
25 local government advisory committee established to advise the state
26 auditor's office in prescribing local government budgeting, accounting,
27 and reporting systems, and other interested parties at the discretion
28 of the state treasurer and state auditor to assist in the examination
29 of the financial conditions of the local governments.

30 (b) The state treasurer and state auditor must report on their
31 initial findings under this section to the governor and the appropriate
32 committees of the legislature by January 10, 2012.

33 (2) By January 10, 2012, the state treasurer must recommend
34 legislation to establish a forward-looking capacity to protect the
35 state and its local governmental entities from negative effects in the
36 unlikely event of another impending default on debts owed by a local
37 governmental entity.

1 **Sec. 11.** 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. 12.** 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. 13.** 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.

--- END ---