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ENGROSSED HOUSE BILL 2620

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State of Washington                      62nd Legislature                      2012 Regular Session

By Representative Hunter; by request of State Treasurer

Read first time 01/19/12. Referred to Committee on Ways & Means.

1            AN ACT Relating to transferring the investment of funds in certain  
2 accounts from the state investment board to the state treasurer;  
3 amending RCW 43.33A.010, 28B.108.060, 28B.108.060, 28B.116.060,  
4 28B.116.060, 43.79.495, 77.12.323, 70.121.050, 89.16.020, 41.05.140,  
5 41.45.230, 43.79A.040, 43.84.150, and 2.10.080; reenacting and amending  
6 RCW 43.84.092; adding a new section to chapter 43.79A RCW; repealing  
7 RCW 41.45.233 and 43.33A.230; providing an effective date; and  
8 providing an expiration date.

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

10            **Sec. 1.** RCW 43.33A.010 and 1981 c 3 s 1 are each amended to read  
11 as follows:

12            Unless otherwise prescribed by law, the state investment board  
13 shall exercise all the powers and perform all duties (~~prescribed by~~  
14 ~~law~~) with respect to the investment of public trust and retirement  
15 funds.

16            **Sec. 2.** RCW 28B.108.060 and 2009 c 259 s 2 are each amended to  
17 read as follows:

18            The American Indian scholarship endowment fund is created in the

1 custody of the state treasurer. (~~The investment of the endowment fund~~  
2 ~~shall be managed by the state investment board.~~) Funds appropriated  
3 by the legislature for the endowment fund must be deposited into the  
4 fund.

5 (1) Moneys received from the higher education coordinating board,  
6 private donations, state moneys, and funds received from any other  
7 source may be deposited into the endowment fund. Private moneys  
8 received as a gift subject to conditions may be deposited into the  
9 fund. The investment of private moneys in the fund shall be managed by  
10 the state investment board.

11 (2) At the request of the higher education coordinating board, the  
12 state investment board shall release earnings from the (~~endowment~~  
13 ~~fund~~) private moneys invested by it to the state treasurer. (~~The~~  
14 ~~state treasurer shall then release those funds at the request of the~~  
15 ~~higher education coordinating board for scholarships. No appropriation~~  
16 ~~is required for expenditures from the endowment fund.~~)

17 (3) When (~~notified by the higher education coordinating board~~  
18 ~~that~~) a condition attached to a gift of private moneys in the fund has  
19 failed, the (~~state investment board shall release those moneys to the~~  
20 ~~higher — education — coordinating — board. — The~~) higher education  
21 coordinating board shall then release the moneys to the donors  
22 according to the terms of the conditional gift.

23 (4) The principal of the endowment fund shall not be invaded. The  
24 release of moneys under subsection (3) of this section shall not  
25 constitute an invasion of corpus.

26 (5) The earnings on the fund shall be used solely for the purposes  
27 set forth in RCW 28B.108.040, except when the terms of a conditional  
28 gift of private moneys in the fund require that a portion of earnings  
29 on such moneys be reinvested in the fund. An appropriation is not  
30 required for expenditures from the endowment fund.

31 **Sec. 3.** RCW 28B.108.060 and 2011 1st sp.s. c 11 s 194 are each  
32 amended to read as follows:

33 The American Indian scholarship endowment fund is created in the  
34 custody of the state treasurer. (~~The investment of the endowment fund~~  
35 ~~shall be managed by the state investment board.~~) Funds appropriated  
36 by the legislature for the endowment fund must be deposited into the  
37 fund.

1 (1) Moneys received from the office, private donations, state  
2 moneys, and funds received from any other source may be deposited into  
3 the endowment fund. Private moneys received as a gift subject to  
4 conditions may be deposited into the fund. The investment of private  
5 moneys in the fund shall be managed by the state investment board.

6 (2) At the request of the office, the state investment board shall  
7 release earnings from the (~~endowment fund~~) private moneys invested by  
8 it to the state treasurer. (~~The state treasurer shall then release~~  
9 ~~those funds at the request of the office for scholarships. No~~  
10 ~~appropriation is required for expenditures from the endowment fund.~~)

11 (3) When (~~notified by the office that~~) a condition attached to a  
12 gift of private moneys in the fund has failed, the (~~state investment~~  
13 ~~board shall release those moneys to the office. The~~) office shall  
14 then release the moneys to the donors according to the terms of the  
15 conditional gift.

16 (4) The principal of the endowment fund shall not be invaded. The  
17 release of moneys under subsection (3) of this section shall not  
18 constitute an invasion of corpus.

19 (5) The earnings on the fund shall be used solely for the purposes  
20 set forth in RCW 28B.108.040, except when the terms of a conditional  
21 gift of private moneys in the fund require that a portion of earnings  
22 on such moneys be reinvested in the fund. An appropriation is not  
23 required for expenditures from the endowment fund.

24 **Sec. 4.** RCW 28B.116.060 and 2007 c 73 s 3 are each amended to read  
25 as follows:

26 The foster care scholarship endowment fund is created in the  
27 custody of the state treasurer. (~~The investment of the endowment fund~~  
28 ~~shall be managed by the state investment board.~~)

29 (1) Moneys received from the higher education coordinating board,  
30 private donations, state matching moneys, and funds received from any  
31 other source may be deposited into the foster care scholarship  
32 endowment fund. Private moneys received as a gift subject to  
33 conditions may be deposited into the endowment fund if the conditions  
34 do not violate state or federal law. The investment of private moneys  
35 in the fund shall be managed by the state investment board.

36 (2) At the request of the higher education coordinating board, the  
37 state investment board shall release earnings from the (~~endowment~~

1 ~~fund)) private moneys invested by it~~ to the state treasurer. ((~~The~~  
2 ~~state treasurer shall then release those funds at the request of the~~  
3 ~~higher education coordinating board for scholarships. No appropriation~~  
4 ~~is required for expenditures from the endowment fund.))~~)

5 (3) The higher education coordinating board may disburse grants to  
6 eligible students from the foster care scholarship endowment fund. No  
7 appropriation is required for expenditures from the endowment fund.

8 (4) When notified by court order that a condition attached to a  
9 gift of private moneys from the foster care scholarship endowment fund  
10 has failed, the higher education coordinating board shall release those  
11 moneys to the donors according to the terms of the conditional gift.

12 (5) The principal of the foster care scholarship endowment fund  
13 shall not be invaded. For the purposes of this section, only the first  
14 twenty-five thousand dollars deposited into the foster care scholarship  
15 endowment fund shall be considered the principal. The release of  
16 moneys under subsection (4) of this section shall not constitute an  
17 invasion of the corpus.

18 (6) The foster care scholarship endowment fund shall be used solely  
19 for the purposes in this chapter, except when the conditional gift of  
20 private moneys in the endowment fund require a portion of the earnings  
21 on such moneys be reinvested in the endowment fund.

22 **Sec. 5.** RCW 28B.116.060 and 2011 1st sp.s. c 11 s 218 are each  
23 amended to read as follows:

24 The foster care scholarship endowment fund is created in the  
25 custody of the state treasurer. ((~~The investment of the endowment fund~~  
26 ~~shall be managed by the state investment board.))~~)

27 (1) Moneys received from the office, private donations, state  
28 matching moneys, and funds received from any other source may be  
29 deposited into the foster care scholarship endowment fund. Private  
30 moneys received as a gift subject to conditions may be deposited into  
31 the endowment fund if the conditions do not violate state or federal  
32 law. The investment of private moneys in the fund shall be managed by  
33 the state investment board.

34 (2) At the request of the office, the state investment board shall  
35 release earnings from the ((~~endowment fund~~)) private moneys invested by  
36 it to the state treasurer. ((~~The state treasurer shall then release~~

1 ~~those funds at the request of the office for scholarships. No~~  
2 ~~appropriation is required for expenditures from the endowment fund.)~~)

3 (3) The office may disburse grants to eligible students from the  
4 foster care scholarship endowment fund. No appropriation is required  
5 for expenditures from the endowment fund.

6 (4) When notified by court order that a condition attached to a  
7 gift of private moneys from the foster care scholarship endowment fund  
8 has failed, the office shall release those moneys to the donors  
9 according to the terms of the conditional gift.

10 (5) The principal of the foster care scholarship endowment fund  
11 shall not be invaded. For the purposes of this section, only the first  
12 twenty-five thousand dollars deposited into the foster care scholarship  
13 endowment fund shall be considered the principal. The release of  
14 moneys under subsection (4) of this section shall not constitute an  
15 invasion of the corpus.

16 (6) The foster care scholarship endowment fund shall be used solely  
17 for the purposes in this chapter, except when the conditional gift of  
18 private moneys in the endowment fund require a portion of the earnings  
19 on such moneys be reinvested in the endowment fund.

20 **Sec. 6.** RCW 43.79.495 and 2007 c 484 s 2 are each amended to read  
21 as follows:

22 (1) The budget stabilization account is governed by the provisions  
23 in Article VII, section 12 and this section.

24 (2) By June 30th of each fiscal year, the state treasurer shall  
25 transfer an amount equal to one percent of the general state revenues  
26 for that fiscal year to the budget stabilization account.

27 ~~(3) ((The state investment board has the full power to invest,~~  
28 ~~reinvest, manage, contract, sell, or exchange investment moneys in the~~  
29 ~~budget stabilization account. All investment and operating costs~~  
30 ~~associated with the investment of money shall be paid pursuant to RCW~~  
31 ~~43.33A.160 and 43.84.160. With the exception of these expenses, the~~  
32 ~~earnings from the investment of the money shall be retained by the~~  
33 ~~account. All investments made by the state investment board shall be~~  
34 ~~made with the exercise of that degree of judgment and care pursuant to~~  
35 ~~RCW 43.33A.140 and the investment policies established by the state~~  
36 ~~investment board. As deemed appropriate by the state investment board,~~

1 moneys in the account may be commingled for investment with other funds  
2 subject to investment by the board.

3 ~~(4))~~ For the purposes of Article VII, section 12, this section,  
4 and RCW 82.33.050, the state employment growth forecast shall be based  
5 on the total nonfarm payroll employment data series.

6 **Sec. 7.** RCW 77.12.323 and 2009 c 333 s 35 are each amended to read  
7 as follows:

8 (1) There is established in the state wildlife account created in  
9 RCW 77.12.170 a special wildlife account. Moneys received under RCW  
10 77.12.320 as now or hereafter amended as compensation for wildlife  
11 losses shall be deposited in the state treasury to be credited to the  
12 special wildlife account.

13 ~~(2) ((The director may advise the state treasurer and the state  
14 investment board of a surplus in the special wildlife account above the  
15 current needs.))~~ The state ~~((investment board))~~ treasurer may invest  
16 and reinvest the surplus ~~((, as the commission deems appropriate, in an  
17 investment authorized by RCW 43.84.150 or in securities issued by the  
18 United States government as defined by RCW 43.84.080 (1) and (4).  
19 Income received from the investments shall be deposited to the credit  
20 of the special wildlife account))~~ as provided by RCW 43.84.080.

21 **Sec. 8.** RCW 70.121.050 and 1987 c 184 s 2 are each amended to read  
22 as follows:

23 On a quarterly basis on and after January 1, 1980, there shall be  
24 levied and the department shall collect a charge of five cents per  
25 pound on each pound of uranium or thorium compound milled out of the  
26 raw ore. All moneys paid to the department from these charges shall be  
27 deposited in a special security fund in the treasury of the state of  
28 Washington to be known as the "radiation perpetual maintenance fund."  
29 This security fund shall be used by the department when a licensee has  
30 ceased to operate and the site may still contain, or have associated  
31 with the site at which the licensed activity was conducted in spite of  
32 full compliance with RCW 70.121.030, radioactive material which will  
33 require further maintenance, surveillance, or other care. If, with  
34 respect to a licensee, the department determines that the estimated  
35 total of these charges will be less than or greater than that required  
36 to defray the estimated cost of administration of this responsibility,

1 the department may prescribe such an increased or decreased charge as  
2 is considered necessary for this purpose. If, at termination of the  
3 license, the department determines that by the applicable standards and  
4 practices then in effect, the charges which have been collected from  
5 the licensee and earnings generated therefrom are in excess of the  
6 amount required to defray the cost of this responsibility, the  
7 department may refund the excess portion to the licensee. If, at  
8 termination of the license or cessation of operation, the department  
9 determines, by the applicable standards and practices then in effect,  
10 that the charges which have been collected from the licensee and  
11 earnings generated therefrom are together insufficient to defray the  
12 cost of this responsibility, the department may collect the excess  
13 portion from the licensee.

14 ~~((Moneys in the radiation perpetual maintenance fund shall be  
15 invested by the state investment board in the manner as other state  
16 moneys.))~~

17 **Sec. 9.** RCW 89.16.020 and 1973 1st ex.s. c 40 s 1 are each amended  
18 to read as follows:

19 For the purpose of carrying out the provisions of this chapter the  
20 state reclamation revolving account, heretofore established and  
21 hereinafter called the reclamation account, shall consist of all sums  
22 appropriated thereto by the legislature; all gifts made to the state  
23 therefor and the proceeds of the sale thereof; the proceeds of the sale  
24 or redemption of and the interest earned by securities acquired with  
25 the moneys thereof; and all reimbursements for moneys advanced for the  
26 payment of assessments upon public lands of the state for the  
27 improvement thereof. Moneys in the reclamation account may be invested  
28 by the state treasurer pursuant to RCW 43.84.080.

29 **Sec. 10.** RCW 41.05.140 and 2011 1st sp.s. c 15 s 59 are each  
30 amended to read as follows:

31 (1) Except for property and casualty insurance, the authority may  
32 self-fund, self-insure, or enter into other methods of providing  
33 insurance coverage for insurance programs under its jurisdiction,  
34 including the basic health plan as provided in chapter 70.47 RCW. The  
35 authority shall contract for payment of claims or other administrative  
36 services for programs under its jurisdiction. If a program does not

1 require the prepayment of reserves, the authority shall establish such  
2 reserves within a reasonable period of time for the payment of claims  
3 as are normally required for that type of insurance under an insured  
4 program. The authority shall endeavor to reimburse basic health plan  
5 health care providers under this section at rates similar to the  
6 average reimbursement rates offered by the statewide benchmark plan  
7 determined through the request for proposal process.

8 (2) Reserves established by the authority for employee and retiree  
9 benefit programs shall be held in a separate (~~trust fund by~~) account  
10 in the custody of the state treasurer and shall be known as the public  
11 employees' and retirees' insurance reserve fund. The state  
12 (~~investment board shall act as the investor for the funds and, except~~  
13 ~~as provided in RCW 43.33A.160 and 43.84.160, one hundred percent of all~~  
14 ~~earnings from these investments shall accrue directly to the public~~  
15 ~~employees' and retirees' insurance reserve fund~~) treasurer may invest  
16 the moneys in the reserve fund pursuant to RCW 43.79A.040.

17 (3) Any savings realized as a result of a program created for  
18 employees and retirees under this section shall not be used to increase  
19 benefits unless such use is authorized by statute.

20 (4) Reserves established by the authority to provide insurance  
21 coverage for the basic health plan under chapter 70.47 RCW shall be  
22 held in a separate trust account in the custody of the state treasurer  
23 and shall be known as the basic health plan self-insurance reserve  
24 account. The state (~~investment board shall act as the investor for~~  
25 ~~the funds as set forth in RCW 43.33A.230 and, except as provided in RCW~~  
26 ~~43.33A.160 and 43.84.160, one hundred percent of all earnings from~~  
27 ~~these investments shall accrue directly to the basic health plan self-~~  
28 ~~insurance reserve account~~) treasurer may invest the moneys in the  
29 reserve fund pursuant to RCW 43.79A.040.

30 (5) Any program created under this section shall be subject to the  
31 examination requirements of chapter 48.03 RCW as if the program were a  
32 domestic insurer. In conducting an examination, the commissioner shall  
33 determine the adequacy of the reserves established for the program.

34 (6) The authority shall keep full and adequate accounts and records  
35 of the assets, obligations, transactions, and affairs of any program  
36 created under this section.

37 (7) The authority shall file a quarterly statement of the financial  
38 condition, transactions, and affairs of any program created under this



1 section in a form and manner prescribed by the insurance commissioner.  
2 The statement shall contain information as required by the commissioner  
3 for the type of insurance being offered under the program. A copy of  
4 the annual statement shall be filed with the speaker of the house of  
5 representatives and the president of the senate.

6 (8) The provisions of this section do not apply to the  
7 administration of chapter 74.09 RCW.

8 **Sec. 11.** RCW 41.45.230 and 2009 c 564 s 1808 are each amended to  
9 read as follows:

10 The pension funding stabilization account is created in the state  
11 treasury. Moneys in the account may be spent only after appropriation.  
12 Expenditures from the account may be used only for payment of state  
13 government employer contributions for members of the public employees'  
14 retirement system, the teachers' retirement system, the school  
15 employees' retirement system, and the public safety employees'  
16 retirement system. (~~During the 2007-09 fiscal biennium, expenditures~~  
17 ~~from the account may also be used for payment of the retirement and~~  
18 ~~annuity plans for higher education employees and for transfer into the~~  
19 ~~general fund.)) The account may not be used to pay for any new benefit  
20 or for any benefit increase that takes effect after July 1, 2005. An  
21 increase that is provided in accordance with a formula that is in  
22 existence on July 1, 2005, is not considered a benefit increase for  
23 this purpose. Moneys in the account shall be for the exclusive use of  
24 the specified retirement systems and may be invested by the state  
25 (~~investment board~~) treasurer pursuant to RCW (~~43.33A.030 and~~  
26 ~~43.33A.170~~) 43.84.080. For purposes of RCW (~~43.135.035~~) 43.135.034,  
27 expenditures from the pension funding stabilization account shall not  
28 be considered a state program cost shift from the state general fund to  
29 another account. (~~During the 2007-2009 fiscal biennium, the~~  
30 ~~legislature may transfer from the pension funding stabilization account~~  
31 ~~to the state general fund such amounts as reflect the excess fund~~  
32 ~~balance of the account.))~~~~

33 NEW SECTION. **Sec. 12.** A new section is added to chapter 43.79A  
34 RCW to read as follows:

35 The state treasurer may invest the moneys in the Millersylvania  
36 park trust fund as authorized by RCW 43.79A.040.

1       **Sec. 13.** 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 energy account,  
37 the fair fund, the family leave insurance account, the food animal  
38 veterinarian conditional scholarship account, the fruit and vegetable

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

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

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

1 (5) In conformance with Article II, section 37 of the state  
2 Constitution, no trust accounts or funds shall be allocated earnings  
3 without the specific affirmative directive of this section.

4 **Sec. 14.** RCW 43.84.092 and 2011 1st sp.s. c 16 s 6, 2011 1st sp.s.  
5 c 7 s 22, 2011 c 369 s 6, 2011 c 339 s 1, 2011 c 311 s 9, 2011 c 272 s  
6 3, 2011 c 120 s 3, and 2011 c 83 s 7 are each reenacted and amended to  
7 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 capital vessel replacement account, the capitol building  
6 construction account, the Cedar River channel construction and  
7 operation account, the Central Washington University capital projects  
8 account, the charitable, educational, penal and reformatory  
9 institutions account, the cleanup settlement account, the Columbia  
10 river basin water supply development account, the Columbia river basin  
11 taxable bond water supply development account, the Columbia river basin  
12 water supply revenue recovery account, the common school construction  
13 fund, the county arterial preservation account, the county criminal  
14 justice assistance account, the county sales and use tax equalization  
15 account, the deferred compensation administrative account, the deferred  
16 compensation principal account, the department of licensing services  
17 account, the department of retirement systems expense account, the  
18 developmental disabilities community trust account, the drinking water  
19 assistance account, the drinking water assistance administrative  
20 account, the drinking water assistance repayment account, the Eastern  
21 Washington University capital projects account, the Interstate 405  
22 express toll lanes operations account, the education construction fund,  
23 the education legacy trust account, the election account, the energy  
24 freedom account, the energy recovery act account, the essential rail  
25 assistance account, The Evergreen State College capital projects  
26 account, the federal forest revolving account, the ferry bond  
27 retirement fund, the freight congestion relief account, the freight  
28 mobility investment account, the freight mobility multimodal account,  
29 the grade crossing protective fund, the public health services account,  
30 the health system capacity account, the high capacity transportation  
31 account, the state higher education construction account, the higher  
32 education construction account, the highway bond retirement fund, the  
33 highway infrastructure account, the highway safety account, the high  
34 occupancy toll lanes operations account, the hospital safety net  
35 assessment fund, the industrial insurance premium refund account, the  
36 judges' retirement account, the judicial retirement administrative  
37 account, the judicial retirement principal account, the local leasehold  
38 excise tax account, the local real estate excise tax account, the local

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

1 pension principal fund, the volunteer firefighters' and reserve  
2 officers' administrative fund, the Washington judicial retirement  
3 system account, the Washington law enforcement officers' and  
4 firefighters' system plan 1 retirement account, the Washington law  
5 enforcement officers' and firefighters' system plan 2 retirement  
6 account, the Washington public safety employees' plan 2 retirement  
7 account, the Washington school employees' retirement system combined  
8 plan 2 and 3 account, the Washington state economic development  
9 commission account, the Washington state health insurance pool account,  
10 the Washington state patrol retirement account, the Washington State  
11 University building account, the Washington State University bond  
12 retirement fund, the water pollution control revolving fund, and the  
13 Western Washington University capital projects account. Earnings  
14 derived from investing balances of the agricultural permanent fund, the  
15 normal school permanent fund, the permanent common school fund, the  
16 scientific permanent fund, ~~((and))~~ the state university permanent fund,  
17 and the state reclamation revolving account shall be allocated to their  
18 respective beneficiary accounts.

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

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

28 **Sec. 15.** RCW 43.84.150 and 1998 c 14 s 4 are each amended to read  
29 as follows:

30 ~~((Except where otherwise specifically provided by law,))~~ When  
31 investment authority over a particular fund or account lies with the  
32 state investment board, the board shall have full power to invest,  
33 reinvest, manage, contract, or sell or exchange investments acquired.  
34 Investments shall be made in accordance with RCW 43.33A.140 and  
35 investment policy duly established and published by the state  
36 investment board.

1       **Sec. 16.** RCW 2.10.080 and 1991 sp.s. c 13 s 114 are each amended  
2 to read as follows:

3       (1) The state treasurer shall be the custodian of all funds and  
4 securities of the retirement system. Disbursements from this fund  
5 shall be made by the state treasurer upon receipt of duly authorized  
6 vouchers.

7       (2) The state treasurer is hereby authorized and directed to  
8 deposit any portion of the funds of the retirement system not needed  
9 for immediate use in the same manner and subject to all the provisions  
10 of law with respect to the deposit of state funds by such treasurer.  
11 All investment income earned by such portion of the retirement system's  
12 funds as may be deposited by the state treasurer in pursuance of  
13 authority herewith given shall be collected by him or her and placed to  
14 the credit of the retirement fund, less the allocation to the ((state  
15 investment board expense account pursuant to RCW 43.33A.160 and to  
16 the)) state treasurer's service fund pursuant to RCW 43.08.190.

17       (3) ~~((The state investment board established by RCW 43.33A.020 has  
18 full power to invest or reinvest the funds of this system in those  
19 classes of investments authorized by RCW 43.84.150.~~

20       (4)) For the purpose of providing amounts to be used to defray the  
21 cost of administration, the judicial retirement board shall ascertain  
22 at the beginning of each biennium and request from the legislature an  
23 appropriation sufficient to cover estimated expenses for the said  
24 biennium.

25       NEW SECTION. **Sec. 17.** The following acts or parts of acts are  
26 each repealed:

27       (1) RCW 41.45.233 (Pension funding stabilization account--State  
28 investment board) and 2006 c 56 s 2; and

29       (2) RCW 43.33A.230 (Basic health plan self-insurance reserve  
30 account--Board duties and powers) and 2000 c 80 s 6.

31       NEW SECTION. **Sec. 18.** Sections 2 and 4 of this act expire July 1,  
32 2012.

33       NEW SECTION. **Sec. 19.** Sections 3 and 5 of this act take effect



1 July 1, 2012.

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