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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.

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

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

22 ~~((4))~~ (3) The principal of the endowment fund shall not be  
23 invaded. The release of moneys under subsection ~~((3))~~ (2) of this  
24 section shall not constitute an invasion of corpus.

25 ~~((5))~~ (4) The earnings on the fund shall be used solely for the  
26 purposes set forth in RCW 28B.108.040, except when the terms of a  
27 conditional gift of private moneys in the fund require that a portion  
28 of earnings on such moneys be reinvested in the fund. An appropriation  
29 is not required for expenditures from the endowment fund.

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

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

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

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

15 ~~((4))~~ (3) The principal of the endowment fund shall not be  
16 invaded. The release of moneys under subsection ~~((3))~~ (2) of this  
17 section shall not constitute an invasion of corpus.

18 ~~((5))~~ (4) The earnings on the fund shall be used solely for the  
19 purposes set forth in RCW 28B.108.040, except when the terms of a  
20 conditional gift of private moneys in the fund require that a portion  
21 of earnings on such moneys be reinvested in the fund. An appropriation  
22 is not required for expenditures from the endowment fund.

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

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

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

34 ~~(2) ((At the request of the higher education coordinating board,  
35 the state investment board shall release earnings from the endowment  
36 fund to the state treasurer. The state treasurer shall then release~~

1 ~~those funds at the request of the higher education coordinating board~~  
2 ~~for scholarships. No appropriation is required for expenditures from~~  
3 ~~the endowment fund.~~

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

7 ~~((4))~~ (3) When notified by court order that a condition attached  
8 to a gift of private moneys from the foster care scholarship endowment  
9 fund has failed, the higher education coordinating board shall release  
10 those moneys to the donors according to the terms of the conditional  
11 gift.

12 ~~((5))~~ (4) The principal of the foster care scholarship endowment  
13 fund shall not be invaded. For the purposes of this section, only the  
14 first twenty-five thousand dollars deposited into the foster care  
15 scholarship endowment fund shall be considered the principal. The  
16 release of moneys under subsection ~~((4))~~ (3) of this section shall  
17 not constitute an invasion of the corpus.

18 ~~((6))~~ (5) The foster care scholarship endowment fund shall be  
19 used solely for the purposes in this chapter, except when the  
20 conditional gift of private moneys in the endowment fund require a  
21 portion of the earnings on such moneys be reinvested in the endowment  
22 fund.

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

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

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

34 (2) ~~((At the request of the office, the state investment board~~  
35 ~~shall release earnings from the endowment fund to the state treasurer.~~  
36 ~~The state treasurer shall then release those funds at the request of~~

1 ~~the office for scholarships. No appropriation is required for~~  
2 ~~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))~~ (3) When notified by court order that a condition attached  
7 to a gift of private moneys from the foster care scholarship endowment  
8 fund has failed, the office shall release those moneys to the donors  
9 according to the terms of the conditional gift.

10 ~~((5))~~ (4) The principal of the foster care scholarship endowment  
11 fund shall not be invaded. For the purposes of this section, only the  
12 first twenty-five thousand dollars deposited into the foster care  
13 scholarship endowment fund shall be considered the principal. The  
14 release of moneys under subsection ~~((4))~~ (3) of this section shall  
15 not constitute an invasion of the corpus.

16 ~~((6))~~ (5) The foster care scholarship endowment fund shall be  
17 used solely for the purposes in this chapter, except when the  
18 conditional gift of private moneys in the endowment fund require a  
19 portion of the earnings on such moneys be reinvested in the endowment  
20 fund.

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

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

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

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

1 ~~investment board. As deemed appropriate by the state investment board,~~  
2 ~~moneys in the account may be commingled for investment with other funds~~  
3 ~~subject to investment by the board.~~

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

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

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

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

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

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

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

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

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

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

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

32 (1) Except for property and casualty insurance, the authority may  
33 self-fund, self-insure, or enter into other methods of providing  
34 insurance coverage for insurance programs under its jurisdiction,  
35 including the basic health plan as provided in chapter 70.47 RCW. The  
36 authority shall contract for payment of claims or other administrative

1 services for programs under its jurisdiction. If a program does not  
2 require the prepayment of reserves, the authority shall establish such  
3 reserves within a reasonable period of time for the payment of claims  
4 as are normally required for that type of insurance under an insured  
5 program. The authority shall endeavor to reimburse basic health plan  
6 health care providers under this section at rates similar to the  
7 average reimbursement rates offered by the statewide benchmark plan  
8 determined through the request for proposal process.

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

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

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

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

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



1 (7) The authority shall file a quarterly statement of the financial  
2 condition, transactions, and affairs of any program created under this  
3 section in a form and manner prescribed by the insurance commissioner.  
4 The statement shall contain information as required by the commissioner  
5 for the type of insurance being offered under the program. A copy of  
6 the annual statement shall be filed with the speaker of the house of  
7 representatives and the president of the senate.

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

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

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

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

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

3           **Sec. 13.** RCW 43.79A.040 and 2011 1st sp.s. c 37 s 603 are each  
4 amended to read as follows:

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

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

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

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

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

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

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

34 (d) Any state agency that has independent authority over accounts  
35 or funds not statutorily required to be held in the custody of the  
36 state treasurer that deposits funds into a fund or account in the  
37 custody of the state treasurer pursuant to an agreement with the office

1 of the state treasurer shall receive its proportionate share of  
2 earnings based upon each account's or fund's average daily balance for  
3 the period.

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

7 **Sec. 14.** RCW 43.84.092 and 2011 1st sp.s. c 16 s 6, 2011 1st sp.s.  
8 c 7 s 22, 2011 c 369 s 6, 2011 c 339 s 1, 2011 c 311 s 9, 2011 c 272 s  
9 3, 2011 c 120 s 3, and 2011 c 83 s 7 are each reenacted and amended to  
10 read as follows:

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

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

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

1 (4) Monthly, the state treasurer shall distribute the earnings  
2 credited to the treasury income account. The state treasurer shall  
3 credit the general fund with all the earnings credited to the treasury  
4 income account except:

5 (a) The following accounts and funds shall receive their  
6 proportionate share of earnings based upon each account's and fund's  
7 average daily balance for the period: The aeronautics account, the  
8 aircraft search and rescue account, the budget stabilization account,  
9 the capital vessel replacement account, the capitol building  
10 construction account, the Cedar River channel construction and  
11 operation account, the Central Washington University capital projects  
12 account, the charitable, educational, penal and reformatory  
13 institutions account, the cleanup settlement account, the Columbia  
14 river basin water supply development account, the Columbia river basin  
15 taxable bond water supply development account, the Columbia river basin  
16 water supply revenue recovery account, the common school construction  
17 fund, the county arterial preservation account, the county criminal  
18 justice assistance account, the county sales and use tax equalization  
19 account, the deferred compensation administrative account, the deferred  
20 compensation principal account, the department of licensing services  
21 account, the department of retirement systems expense account, the  
22 developmental disabilities community trust account, the drinking water  
23 assistance account, the drinking water assistance administrative  
24 account, the drinking water assistance repayment account, the Eastern  
25 Washington University capital projects account, the Interstate 405  
26 express toll lanes operations account, the education construction fund,  
27 the education legacy trust account, the election account, the energy  
28 freedom account, the energy recovery act account, the essential rail  
29 assistance account, The Evergreen State College capital projects  
30 account, the federal forest revolving account, the ferry bond  
31 retirement fund, the freight congestion relief account, the freight  
32 mobility investment account, the freight mobility multimodal account,  
33 the grade crossing protective fund, the public health services account,  
34 the health system capacity account, the high capacity transportation  
35 account, the state higher education construction account, the higher  
36 education construction account, the highway bond retirement fund, the  
37 highway infrastructure account, the highway safety account, the high  
38 occupancy toll lanes operations account, the hospital safety net

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

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

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

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

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

34 ~~((Except where otherwise specifically provided by law,))~~ When  
35 investment authority over a particular fund or account lies with the  
36 state investment board, the board shall have full power to invest,  
37 reinvest, manage, contract, or sell or exchange investments acquired.

1 Investments shall be made in accordance with RCW 43.33A.140 and  
2 investment policy duly established and published by the state  
3 investment board.

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

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

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

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

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

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

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

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

34 NEW SECTION. **Sec. 18.** Sections 2 and 4 of this act expire July 1,  
35 2012.



1        NEW SECTION.    **Sec. 19.**    Sections 3 and 5 of this act take effect  
2    July 1, 2012.

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