
SUBSTITUTE SENATE BILL 5797

State of Washington

62nd Legislature

2011 Regular Session

By Senate Transportation (originally sponsored by Senators Fain and Haugen)

READ FIRST TIME 02/25/11.

1 AN ACT Relating to eliminating the urban arterial trust account;
2 amending RCW 36.70A.340, 46.68.090, 46.68.110, 47.26.084, 47.26.086,
3 47.26.190, 47.26.140, 47.26.423, 47.26.425, 47.26.4252, and 47.26.4254;
4 reenacting and amending RCW 43.84.092; decodifying RCW 46.68.160; and
5 repealing RCW 47.26.080.

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

7 NEW SECTION. **Sec. 1.** RCW 47.26.080 (Urban arterial trust
8 account--Withholding of funds for noncompliance) and 2007 c 148 s 2,
9 1999 c 94 s 16, 1994 c 179 s 8, 1991 sp.s. c 32 s 32, 1988 c 167 s 13,
10 1981 c 315 s 2, 1979 c 5 s 1, 1977 ex.s. c 317 s 22, & 1967 ex.s. c 83
11 s 14 are each repealed.

12 **Sec. 2.** RCW 36.70A.340 and 1991 sp.s. c 32 s 26 are each amended
13 to read as follows:

14 Upon receipt from the board of a finding that a state agency,
15 county, or city is in noncompliance under RCW 36.70A.330, or as a
16 result of failure to meet the requirements of RCW 36.70A.210, the
17 governor may either:

1 (1) Notify and direct the director of the office of financial
2 management to revise allotments in appropriation levels;

3 (2) Notify and direct the state treasurer to withhold the portion
4 of revenues to which the county or city is entitled under one or more
5 of the following: The motor vehicle fuel tax, as provided in chapter
6 82.36 RCW; the transportation improvement account, as provided in RCW
7 47.26.084; (~~the urban arterial trust account, as provided in RCW~~
8 ~~47.26.080~~)) the rural arterial trust account, as provided in RCW
9 36.79.150; the sales and use tax, as provided in chapter 82.14 RCW; the
10 liquor profit tax, as provided in RCW 66.08.190; and the liquor excise
11 tax, as provided in RCW 82.08.170; or

12 (3) File a notice of noncompliance with the secretary of state and
13 the county or city, which shall temporarily rescind the county or
14 city's authority to collect the real estate excise tax under RCW
15 82.46.030 until the governor files a notice rescinding the notice of
16 noncompliance.

17 **Sec. 3.** RCW 43.84.092 and 2010 1st sp.s. c 30 s 20, 2010 1st sp.s.
18 c 9 s 7, 2010 c 248 s 6, 2010 c 222 s 5, 2010 c 162 s 6, and 2010 c 145
19 s 11 are each reenacted and amended to read as follows:

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

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

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

9 (4) Monthly, the state treasurer shall distribute the earnings
10 credited to the treasury income account. The state treasurer shall
11 credit the general fund with all the earnings credited to the treasury
12 income account except:

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

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

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

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

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

34 **Sec. 4.** RCW 46.68.090 and 2005 c 314 s 103 are each amended to
35 read as follows:

36 (1) All moneys that have accrued or may accrue to the motor vehicle
37 fund from the motor vehicle fuel tax and special fuel tax shall be

1 first expended for purposes enumerated in (a) and (b) of this
2 subsection. The remaining net tax amount shall be distributed monthly
3 by the state treasurer in accordance with subsections (2) through (7)
4 of this section.

5 (a) For payment of refunds of motor vehicle fuel tax and special
6 fuel tax that has been paid and is refundable as provided by law;

7 (b) For payment of amounts to be expended pursuant to
8 appropriations for the administrative expenses of the offices of state
9 treasurer, state auditor, and the department of licensing of the state
10 of Washington in the administration of the motor vehicle fuel tax and
11 the special fuel tax, which sums shall be distributed monthly.

12 (2) All of the remaining net tax amount collected under RCW
13 82.36.025(1) and 82.38.030(1) shall be distributed as set forth in (a)
14 through (j) of this section.

15 (a) For distribution to the motor vehicle fund an amount equal to
16 44.387 percent to be expended for highway purposes of the state as
17 defined in RCW 46.68.130;

18 (b) For distribution to the special category C account, hereby
19 created in the motor vehicle fund, an amount equal to 3.2609 percent to
20 be expended for special category C projects. Special category C
21 projects are category C projects that, due to high cost only, will
22 require bond financing to complete construction.

23 The following criteria, listed in order of priority, shall be used
24 in determining which special category C projects have the highest
25 priority:

26 (i) Accident experience;

27 (ii) Fatal accident experience;

28 (iii) Capacity to move people and goods safely and at reasonable
29 speeds without undue congestion; and

30 (iv) Continuity of development of the highway transportation
31 network.

32 Moneys deposited in the special category C account in the motor
33 vehicle fund may be used for payment of debt service on bonds the
34 proceeds of which are used to finance special category C projects under
35 this subsection (2)(b);

36 (c) For distribution to the Puget Sound ferry operations account in
37 the motor vehicle fund an amount equal to 2.3283 percent;

1 (d) For distribution to the Puget Sound capital construction
2 account in the motor vehicle fund an amount equal to 2.3726 percent;

3 (e) For distribution to the (~~urban arterial trust~~) transportation
4 improvement account in the motor vehicle fund an amount equal to 7.5597
5 percent;

6 (f) For distribution to the transportation improvement account in
7 the motor vehicle fund an amount equal to 5.6739 percent and expended
8 in accordance with RCW 47.26.086;

9 (g) For distribution to the cities and towns from the motor vehicle
10 fund an amount equal to 10.6961 percent in accordance with RCW
11 46.68.110;

12 (h) For distribution to the counties from the motor vehicle fund an
13 amount equal to 19.2287 percent: (i) Out of which there shall be
14 distributed from time to time, as directed by the department of
15 transportation, those sums as may be necessary to carry out the
16 provisions of RCW 47.56.725; and (ii) less any amounts appropriated to
17 the county road administration board to implement the provisions of RCW
18 47.56.725(4), with the balance of such county share to be distributed
19 monthly as the same accrues for distribution in accordance with RCW
20 46.68.120;

21 (i) For distribution to the county arterial preservation account,
22 hereby created in the motor vehicle fund an amount equal to 1.9565
23 percent. These funds shall be distributed by the county road
24 administration board to counties in proportions corresponding to the
25 number of paved arterial lane miles in the unincorporated area of each
26 county and shall be used for improvements to sustain the structural,
27 safety, and operational integrity of county arterials. The county road
28 administration board shall adopt reasonable rules and develop policies
29 to implement this program and to assure that a pavement management
30 system is used;

31 (j) For distribution to the rural arterial trust account in the
32 motor vehicle fund an amount equal to 2.5363 percent and expended in
33 accordance with RCW 36.79.020.

34 (3) The remaining net tax amount collected under RCW 82.36.025(2)
35 and 82.38.030(2) shall be distributed to the transportation 2003
36 account (nickel account).

37 (4) The remaining net tax amount collected under RCW 82.36.025(3)
38 and 82.38.030(3) shall be distributed as follows:

1 (a) 8.3333 percent shall be distributed to the incorporated cities
2 and towns of the state in accordance with RCW 46.68.110;

3 (b) 8.3333 percent shall be distributed to counties of the state in
4 accordance with RCW 46.68.120; and

5 (c) The remainder shall be distributed to the transportation
6 partnership account created in RCW 46.68.290.

7 (5) The remaining net tax amount collected under RCW 82.36.025(4)
8 and 82.38.030(4) shall be distributed as follows:

9 (a) 8.3333 percent shall be distributed to the incorporated cities
10 and towns of the state in accordance with RCW 46.68.110;

11 (b) 8.3333 percent shall be distributed to counties of the state in
12 accordance with RCW 46.68.120; and

13 (c) The remainder shall be distributed to the transportation
14 partnership account created in RCW 46.68.290.

15 (6) The remaining net tax amount collected under RCW 82.36.025 (5)
16 and (6) and 82.38.030 (5) and (6) shall be distributed to the
17 transportation partnership account created in RCW 46.68.290.

18 (7) Nothing in this section or in RCW 46.68.130 may be construed so
19 as to violate any terms or conditions contained in any highway
20 construction bond issues now or hereafter authorized by statute and
21 whose payment is by such statute pledged to be paid from any excise
22 taxes on motor vehicle fuel and special fuels.

23 **Sec. 5.** RCW 46.68.110 and 2008 c 121 s 601 are each amended to
24 read as follows:

25 Funds credited to the incorporated cities and towns of the state as
26 set forth in RCW 46.68.090 shall be subject to deduction and
27 distribution as follows:

28 (1) One and one-half percent of such sums distributed under RCW
29 46.68.090 shall be deducted monthly as such sums are credited and set
30 aside for the use of the department of transportation for the
31 supervision of work and expenditures of such incorporated cities and
32 towns on the city and town streets thereof, including the supervision
33 and administration of federal-aid programs for which the department of
34 transportation has responsibility: PROVIDED, That any moneys so
35 retained and not expended shall be credited in the succeeding biennium
36 to the incorporated cities and towns in proportion to deductions herein
37 made;

1 (2) Thirty-three one-hundredths of one percent of such funds
2 distributed under RCW 46.68.090 shall be deducted monthly, as such
3 funds accrue, and set aside for the use of the department of
4 transportation for the purpose of funding the cities' share of the
5 costs of highway jurisdiction studies and other studies. Any funds so
6 retained and not expended shall be credited in the succeeding biennium
7 to the cities in proportion to the deductions made;

8 (3) One percent of such funds distributed under RCW 46.68.090 shall
9 be deducted monthly, as such funds accrue, to be deposited in the small
10 city pavement and sidewalk account, to implement the city hardship
11 assistance program, as provided in RCW 47.26.164. However, any moneys
12 so retained and not required to carry out the program under this
13 subsection as of July 1st of each odd-numbered year thereafter, shall
14 be retained in the account and used for maintenance, repair, and
15 resurfacing of city and town streets for cities and towns with a
16 population of less than five thousand((-));

17 (4) (~~Except as provided in RCW 47.26.080,~~) After making the
18 deductions under subsections (1) through (3) of this section and RCW
19 35.76.050, the balance remaining to the credit of incorporated cities
20 and towns shall be apportioned monthly as such funds accrue among the
21 several cities and towns within the state ratably on the basis of the
22 population last determined by the office of financial management.

23 **Sec. 6.** RCW 47.26.084 and 1999 c 94 s 17 are each amended to read
24 as follows:

25 (1) The transportation improvement account is hereby created in the
26 motor vehicle fund. The intent of the program is to:

27 (a) Improve mobility of people and goods in Washington state by
28 supporting economic development and environmentally responsive
29 solutions to our statewide transportation system needs;

30 (b) Improve the arterial street system of the state by improving
31 mobility and safety while supporting an environment essential to the
32 quality of life of the citizens of the state; and

33 (c) Maintain, preserve, and extend the life and utility of prior
34 investments in transportation systems and services.

35 (2) The small city program, as provided for in RCW 47.26.115, is
36 implemented within the transportation improvement account.

1 (3) Within one year after board approval of an application for
2 funding, a county, city, or transportation benefit district shall
3 provide written certification to the board of the pledged local and/or
4 private funding. Funds allocated to an applicant that does not certify
5 its funding within one year after approval may be reallocated by the
6 board.

7 **Sec. 7.** RCW 47.26.086 and 1994 c 179 s 11 are each amended to read
8 as follows:

9 Transportation improvement account projects selected for funding
10 programs after fiscal year 1995 are governed by the requirements of
11 this section.

12 The board shall allocate funds from the account by June 30th of
13 each year for the ensuing fiscal year to urban counties, cities with a
14 population of five thousand and over, and to transportation benefit
15 districts. Projects may include, but are not limited to, multi-agency
16 projects and arterial improvement projects in fast-growing areas. The
17 board shall endeavor to provide geographical diversity in selecting
18 improvement projects to be funded from the account.

19 (~~The intent of the program is to improve mobility of people and
20 goods in Washington state by supporting economic development and
21 environmentally responsive solutions to our statewide transportation
22 system needs.~~)

23 To be eligible to receive these funds, a project must be consistent
24 with the Growth Management Act, the Clean Air Act including conformity,
25 and the Commute Trip Reduction Law and consideration must have been
26 given to the project's relationship, both actual and potential, with
27 the statewide rail passenger program and rapid mass transit. Projects
28 must be consistent with any adopted high capacity transportation plan,
29 must consider existing or reasonably foreseeable congestion levels
30 attributable to economic development or growth and all modes of
31 transportation and safety, and must be partially funded by local
32 government or private contributions, or a combination of such
33 contributions. Priority consideration shall be given to those projects
34 with the greatest percentage of local or private contribution, or both.

35 Within one year after board approval of an application for funding,
36 the lead agency shall provide written certification to the board of the

1 pledged local and private funding for the phase of the project
2 approved. Funds allocated to an applicant that does not certify its
3 funding within one year after approval may be reallocated by the board.

4 **Sec. 8.** RCW 47.26.190 and 1994 c 179 s 18 are each amended to read
5 as follows:

6 The board shall adopt rules that provide geographical diversity in
7 selecting improvement projects to be funded from the ((~~urban arterial~~
8 ~~trust~~)) transportation improvement account and small city ((~~account~~))
9 program funds.

10 **Sec. 9.** RCW 47.26.140 and 1999 c 94 s 19 are each amended to read
11 as follows:

12 The transportation improvement board shall appoint an executive
13 director, who shall serve at its pleasure and whose salary shall be set
14 by the board, and may employ additional staff as it deems appropriate.
15 All costs associated with staff, together with travel expenses in
16 accordance with RCW 43.03.050 and 43.03.060, shall be paid from the
17 ((~~urban arterial trust account,~~) public transportation systems
18 account((~~7~~)) and the transportation improvement account in the motor
19 vehicle fund as determined by the biennial appropriation.

20 **Sec. 10.** RCW 47.26.423 and 1986 c 290 s 5 are each amended to read
21 as follows:

22 The money arising from the sale of the first authorization bonds,
23 series II bonds, and series III bonds shall be deposited in the state
24 treasury to the credit of the ((~~urban arterial trust~~)) transportation
25 improvement account in the motor vehicle fund, and such money shall be
26 available only for the construction and improvement of county and city
27 urban arterials, and for payment of the expense incurred in the
28 printing, issuance, and sale of any such bonds. The costs of obtaining
29 insurance, letters of credit, or other credit enhancement devices with
30 respect to the bonds shall be considered to be expenses incurred in the
31 issuance and sale of the bonds.

32 **Sec. 11.** RCW 47.26.425 and 2007 c 519 s 7 are each amended to read
33 as follows:

34 Any funds required to repay the first authorization of two hundred

1 fifty million dollars of bonds authorized by RCW 47.26.420, as amended
2 by section 18, chapter 317, Laws of 1977 ex. sess. or the interest
3 thereon when due, shall be taken from that portion of the motor vehicle
4 fund which results from the imposition of excise taxes on motor vehicle
5 and special fuels and which is distributed to the (~~urban arterial~~
6 ~~trust~~) transportation improvement account in the motor vehicle fund
7 pursuant to RCW 46.68.090(2)(e), and shall never constitute a charge
8 against any allocations of any other such funds in the motor vehicle
9 fund to the state, counties, cities, and towns unless and until the
10 amount of the motor vehicle fund arising from the excise tax on motor
11 vehicle and special fuels and distributed to the (~~urban arterial~~
12 ~~trust~~) transportation improvement account proves insufficient to meet
13 the requirements for bond retirement or interest on any such bonds.

14 **Sec. 12.** RCW 47.26.4252 and 1999 sp.s. c 1 s 610 are each amended
15 to read as follows:

16 Any funds required to repay the authorization of series II bonds
17 authorized by RCW 47.26.420, as reenacted by section 3, chapter 5, Laws
18 of 1979, or the interest thereon when due, shall first be taken from
19 that portion of the motor vehicle fund which results from the
20 imposition of excise taxes on motor vehicle and special fuels imposed
21 by chapters 82.36 and 82.38 RCW and which is distributed to the (~~urban~~
22 ~~arterial trust~~) transportation improvement account in the motor
23 vehicle fund pursuant to RCW 46.68.090(~~(1)(g)~~) (2)(e), subject,
24 however, to the prior lien of the first authorization of bonds
25 authorized by RCW 47.26.420, as reenacted by section 3, chapter 5, Laws
26 of 1979. If the moneys distributed to the (~~urban arterial trust~~)
27 transportation improvement account shall ever be insufficient to repay
28 the first authorization bonds together with interest thereon, and the
29 series II bonds or the interest thereon when due, the amount required
30 to make such payments on such bonds or interest thereon shall next be
31 taken from that portion of the motor vehicle fund which results from
32 the imposition of excise taxes on motor vehicle and special fuels and
33 which is distributed to the state, counties, cities, and towns pursuant
34 to RCW 46.68.090. Any payments on such bonds or interest thereon taken
35 from motor vehicle or special fuel tax revenues which are distributable
36 to the state, counties, cities, and towns, shall be repaid from the
37 first moneys distributed to the (~~urban arterial trust~~) transportation

1 improvement account not required for redemption of the first
2 authorization bonds or series II and series III bonds or interest on
3 those bond issues.

4 **Sec. 13.** RCW 47.26.4254 and 2010 c 8 s 10008 are each amended to
5 read as follows:

6 (1) Any funds required to repay series III bonds authorized by RCW
7 47.26.420, or the interest thereon, when due shall first be taken from
8 that portion of the motor vehicle fund that results from the imposition
9 of excise taxes on motor vehicle and special fuels imposed by chapters
10 82.36 and 82.38 RCW and that is distributed to the (~~urban arterial~~
11 ~~trust~~) transportation improvement account in the motor vehicle fund
12 pursuant to RCW 46.68.090(2)(e), subject, however, to the prior lien of
13 the first authorization of bonds authorized by RCW 47.26.420. If the
14 moneys so distributed to the (~~urban arterial trust~~) transportation
15 improvement account, after first being applied to administrative
16 expenses of the transportation improvement board and to the
17 requirements of bond retirement and payment of interest on first
18 authorization bonds and series II bonds as provided in RCW 47.26.425
19 and 47.26.4252, are insufficient to meet the requirements for bond
20 retirement or interest on any series III bonds, the amount required to
21 make such payments on series III bonds or interest thereon shall next
22 be taken from that portion of the motor vehicle fund that results from
23 the imposition of excise taxes on motor vehicle and special fuels and
24 that is distributed to the state, counties, cities, and towns pursuant
25 to RCW 46.68.090, subject, however, to subsection (2) of this section.

26 (2) To the extent that moneys so distributed to the (~~urban~~
27 ~~arterial trust~~) transportation improvement account are insufficient to
28 meet the requirements for bond retirement or interest on any series III
29 bonds, sixty percent of the amount required to make such payments when
30 due shall first be taken from that portion of the motor vehicle fund
31 that results from the imposition of excise taxes on motor vehicle and
32 special fuels and that is distributed to the state. The remaining
33 forty percent shall first be taken from that portion of the motor
34 vehicle fund that results from the imposition of excise taxes on motor
35 vehicle and special fuels and that is distributed to the cities and
36 towns pursuant to RCW 46.68.090(2)(g) and to the counties pursuant to
37 RCW 46.68.090(2)(h). Of the counties', cities', and towns' share of

1 any additional amounts required in each fiscal year, the percentage
2 thereof to be taken from the counties' distributive share and from the
3 cities' and towns' distributive share shall correspond to the
4 percentage of funds authorized for specific county projects and for
5 specific city and town projects, respectively, from the proceeds of
6 series III bonds, for the period through the first eleven months of the
7 prior fiscal year as determined by the chair of the transportation
8 improvement board and reported to the state finance committee and the
9 state treasurer not later than the first working day of June.

10 (3) Any payments on such bonds or interest thereon taken from motor
11 vehicle or special fuel tax revenues that are distributable to the
12 state, counties, cities, and towns shall be repaid from the first
13 moneys distributed to the (~~urban arterial trust~~) transportation
14 improvement account not required for redemption of the first
15 authorization bonds, series II bonds, or series III bonds or interest
16 on these bonds.

17 NEW SECTION. **Sec. 14.** RCW 46.68.160 is decodified.

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