

SHB 1414 - H AMD 526

By Representative Reykdal

NOT CONSIDERED

1 Strike everything after the enacting clause and insert the  
2 following:

3 "Sec. 1. RCW 90.38.005 and 1989 c 429 s 1 are each amended to read  
4 as follows:

5 (1) The legislature finds that:

6 (a) Under present physical conditions in the Yakima river basin  
7 there is an insufficient supply of ground and surface water to satisfy  
8 the present needs of the basin, and that the general health, welfare,  
9 and safety of the people of the Yakima river basin depend upon the  
10 conservation, management, development, and optimum use of all the  
11 basin's water resources;

12 (b) (~~Pursuant to P.L. 96-162,~~) The future competition for water  
13 among municipal, domestic, industrial, agricultural, and instream water  
14 interests in the Yakima river basin will be intensified by continued  
15 population growth, and by changes in climate and precipitation  
16 anticipated to reduce the basin's snow pack and thereby reduce the  
17 total water supply available to existing water users, instream flows,  
18 and carryover storage;

19 (c) To address the challenges described in this subsection,  
20 congress has enacted several bills to promote Yakima river basin water  
21 enhancement, each of which was urged for enactment by this state, the  
22 United States (~~is now conducting~~) has completed a study of ways to  
23 provide needed waters through improvements of the federal water project  
24 presently existing in the Yakima river basin, and federal, tribal,  
25 state, and local cooperators have developed an integrated water  
26 resource management plan for improving water supply, habitat, and  
27 stream flow conditions in the Yakima river basin;

28 (d) As part of the Yakima river basin water enhancement project,  
29 the United States department of the interior's bureau of reclamation is  
30 now seeking funding to support implementation of the integrated water

1 resource management plan for the Yakima river basin, which was jointly  
2 prepared by the Washington state department of ecology and the United  
3 States bureau of reclamation and published in a final programmatic  
4 environmental impact statement in March 2012;

5 ((+e)) (e) The interests of the state will be served by developing  
6 programs, in cooperation with the United States and the various water  
7 users in the basin, that increase the overall ability to manage basin  
8 waters in order to better satisfy both present and future needs for  
9 water in the Yakima river basin;

10 (f) The interests of the state will also be served through  
11 coordination of federal and state policies and procedures in order to  
12 develop and implement projects within the framework of the integrated  
13 water resource management plan for the Yakima river basin. The pace of  
14 integrated plan implementation over the long term depends upon adequate  
15 funding and is subject to the availability of amounts appropriated for  
16 this purpose;

17 (g) The October 2012 Framework for Implementation report  
18 commissioned by the bureau of reclamation and the department of ecology  
19 assumes the state of Washington will continue as a cost-share partner  
20 in funding many project elements, along with local governments and  
21 other parties;

22 (h) The Framework for Implementation report estimates the following  
23 costs and benefits of the Yakima integrated plan:

24 (i) Capital costs of developing and implementing the plan could  
25 total as much as five billion four hundred million dollars over thirty  
26 years. Operations and maintenance costs could reach nearly twelve  
27 million dollars each year, when all projects are fully operational;

28 (ii) Based on a household willingness-to-pay survey, increasing  
29 fish populations will have an economic value of five billion to seven  
30 billion four hundred million dollars over the next one hundred years;

31 (iii) Increasing the reliability of irrigation water during severe  
32 drought years will have an economic value of eight hundred million  
33 dollars over the next one hundred years; and

34 (iv) Improving the municipal and domestic water supply to meet  
35 demand created by the existing population, economy, and anticipated  
36 growth will have an economic value of four hundred million dollars over  
37 the next one hundred years;

1 (i) Funding the projects proposed in the Yakima integrated plan is  
2 projected to cost the state of Washington two billion five hundred  
3 million dollars between 2013 and 2043, which will compete directly with  
4 other state capital budget facility needs that address the state's  
5 basic, critical health, safety, environmental, and educational needs;  
6 and

7 (j) Although significant benefits are anticipated to result from  
8 the implementation of the Yakima integrated plan, in light of its  
9 substantial costs and the state's limited capacity to absorb them  
10 within existing resources, there is a need to assess the public's  
11 willingness to pay an increase in public utility taxes for the Yakima  
12 integrated plan.

13 (2) It is the purpose of this chapter, consistent with these  
14 findings, to:

15 (a) Improve the ability of the state to work with the United States  
16 and various water users of the Yakima river basin in a program designed  
17 to satisfy both existing rights, and other presently unmet as well as  
18 future needs of the basin;

19 (b) Establish legislative intent to promote timely and effective  
20 implementation of the integrated plan in the Yakima river basin, and to  
21 promote the aggressive pursuit of water supply solutions that provide  
22 concurrent benefits to both instream and out-of-stream uses in the  
23 Yakima river basin as rapidly as possible; and

24 (c) Make subject to voter approval an authorization of two billion  
25 five hundred million dollars in nondebt-limit general obligation bonds  
26 dedicated to developing and implementing Yakima integrated plan  
27 projects and imposing a public utilities tax increase that will be used  
28 to pay the debt service on the bonds.

29 (3) The provisions of this chapter apply only to waters of the  
30 Yakima river basin.

31 **Sec. 2.** RCW 90.38.010 and 1989 c 429 s 2 are each amended to read  
32 as follows:

33 ~~((Unless the context clearly requires otherwise,))~~ The definitions  
34 in this section apply throughout this chapter unless the context  
35 clearly requires otherwise.

36 (1) "Department" means the department of ecology.

1           (2) "Integrated plan" means the Yakima river basin integrated water  
2 resource management plan developed through a consensus-based approach  
3 by a diverse work group of representatives of the Yakama Nation,  
4 federal, state, county, and city governments, environmental  
5 organizations, and irrigation districts and for which the final  
6 programmatic environmental impact statement was made available for  
7 review through public notice published in the federal register (77 FR  
8 12076 (2012)).

9           (3) "Net water savings" means the amount of water that through  
10 hydrological analysis is determined to be conserved and usable for  
11 other purposes without impairing existing water rights, reducing the  
12 ability to deliver water, or reducing the supply of water that  
13 otherwise would have been available to other water users.

14           ~~((3))~~ (4) "Trust water right" means that portion of an existing  
15 water right, constituting net water savings, that is no longer required  
16 to be diverted for beneficial use due to the installation of a water  
17 conservation project that improves an existing system. The term "trust  
18 water right" also applies to any other water right acquired by the  
19 department under this chapter for management in the Yakima river basin  
20 trust water rights program.

21           ~~((4))~~ (5) "Water conservation project" means any project funded  
22 to further the purposes of this chapter and that achieves physical or  
23 operational improvements of efficiency in existing systems for  
24 diversion, conveyance, or application of water under existing water  
25 rights.

26           (6) "Yakima river basin water enhancement project" means a series  
27 of congressional enactments, originally initiated by the United States  
28 congress in 1979 under P.L. 96-162, with subsequent federal  
29 implementing legislation being passed in 1984 under section 109 of P.L.  
30 98-381 to promote fish passage improvements, and in 1994 under P.L.  
31 103-434, as amended by P.L. 105-62 in 1997 and P.L. 106-372 in 2000, to  
32 promote water conservation, water supply, habitat, and stream  
33 enhancement improvements in the Yakima river basin.

34           NEW SECTION. Sec. 3. A new section is added to chapter 90.38 RCW  
35 to read as follows:

36           The department is authorized to implement, consistent with this  
37 chapter, the integrated plan in the Yakima river basin, through a

1 coordinated effort of affected federal, state, and local agencies and  
2 resources, to develop water supply solutions that provide concurrent  
3 benefits to both instream and out-of-stream uses, and to address a  
4 variety of water resource and ecosystem problems affecting fish  
5 passage, habitat functions, and agricultural, municipal, and domestic  
6 water supply in the Yakima river basin, consistent with the integrated  
7 plan.

8 (1) Authorized department actions include, but are not limited to:

9 (a) Accepting funds from any entity, public or private, as  
10 necessary to implement the objectives of this chapter;

11 (b) Assessing, planning, and developing projects under the Yakima  
12 river basin integrated water resource management plan, or for any other  
13 action designed to provide access to new water supplies within the  
14 Yakima river basin, consistent with the integrated plan and including  
15 but not limited to: Enhanced water conservation and efficiency  
16 measures, water reallocation markets, in-basin surface and groundwater  
17 storage facilities, fish passage at existing in-basin reservoirs,  
18 structural and operational modifications to existing facilities,  
19 habitat protection and restoration, and general watershed enhancements  
20 as necessary to implement the objectives of this chapter and the  
21 integrated plan; and

22 (c) Entering into contracts to ensure the effective delivery of  
23 water and to provide for the design and construction of facilities  
24 necessary to implement the objectives of the integrated plan and this  
25 chapter.

26 (2) Consistent with the integrated plan, the goals and objectives  
27 of department actions authorized under this chapter include, but are  
28 not limited to:

29 (a) Protection, mitigation, and enhancement of fish and wildlife  
30 through improved water management; improved instream flows; improved  
31 water quality; protection, creation, and enhancement of wetlands;  
32 improved fish passage, and by other appropriate means of habitat  
33 improvement, including the protection and enhancement of natural  
34 wetlands, floodplains, and groundwater storage systems;

35 (b) Improved water availability and reliability, and improved  
36 efficiency of water delivery and use, to enhance basin water supplies  
37 for agricultural irrigation, municipal, commercial, industrial,  
38 domestic, and environmental water uses;

1 (c) Establishment of more efficient water markets and more  
2 effective operational and structural changes to manage variability of  
3 water supplies and to prepare for the uncertainties of climate change,  
4 including but not limited to the facilitation of water banking, water  
5 right transfers, dry year options, the voluntary sale and lease of  
6 land, water, or water rights from any entity or individual willing to  
7 limit or forego water use on a temporary or permanent basis, and any  
8 other innovative water allocation tools used to maximize the utility of  
9 existing Yakima river basin water supplies, as long as the  
10 establishment and use of these tools is consistent with the integrated  
11 plan.

12 (3) Water supplies secured through the development of new storage  
13 facilities or expansion of existing storage facilities made possible  
14 with funding from the Yakima integrated plan implementation account  
15 created in section 4 of this act, the Yakima integrated plan  
16 implementation taxable bond account created in section 5 of this act,  
17 and the Yakima integrated plan implementation recovery account created  
18 in section 6 of this act must be allocated for out-of-stream uses and  
19 to augment instream flows consistent with the Yakima river basin  
20 integrated water resource management plan. Water to be made available  
21 to benefit out-of-stream uses under this subsection, but not yet  
22 appropriated, must be temporarily available to augment instream flows  
23 to the extent that it does not impair existing water rights and is  
24 consistent with the integrated plan.

25 NEW SECTION. **Sec. 4.** A new section is added to chapter 90.38 RCW  
26 to read as follows:

27 (1) The Yakima integrated plan implementation account is created in  
28 the state treasury to receive the proceeds from the sale of nontaxable  
29 bonds authorized in section 13 of this act. Moneys in the account may  
30 be spent only after appropriation. Expenditures from the account may  
31 be used only as provided in this section. Interest earned by deposits  
32 in the account will be retained in the account.

33 (2) Expenditures from the account created in this section may be  
34 used to assess, plan, and develop projects under the Yakima river basin  
35 integrated water resource management plan or for any other actions  
36 designed to provide access to new water supplies within the Yakima

1 river basin for both instream and out-of-stream uses, consistent with  
2 the integrated plan and the authorities, goals, and objectives set  
3 forth in section 3 of this act.

4 (3)(a) Funds may not be expended from the account for the  
5 construction of a new storage facility until the department evaluates  
6 the following:

7 (i) Water uses to be served by the facility;

8 (ii) The quantity of water necessary to meet the needs of those  
9 uses;

10 (iii) The benefits and costs to the state of serving those uses,  
11 including short-term and long-term economic, cultural, and  
12 environmental effects; and

13 (iv) Alternative means of supplying water to meet those uses,  
14 including the costs of those alternatives and an analysis of the extent  
15 to which the long-term water supply needs are able to be met using  
16 those alternatives.

17 (b) The department may rely on studies and information developed  
18 through compliance with other state and federal requirements and other  
19 sources. The department shall compile its findings and conclusions and  
20 provide a summary of the information it reviewed.

21 (c) Before finalizing its evaluation under the provisions of this  
22 subsection, the department shall make the preliminary evaluation  
23 available to the public. Public comment may be made to the department  
24 within thirty days of the date the preliminary evaluation is made  
25 public.

26 (4) In addition to subsection (3) of this section, the department  
27 may not expend funds from the account inconsistent with the provisions  
28 of sections 8 and 9 of this act.

29 (5) For water supplies developed under the integrated plan to  
30 support future municipal and domestic water needs, the department shall  
31 give preference to other entities in managing water service contracts.  
32 Where the department determines that the management of such contracts  
33 by other entities is not feasible or suitable, the department may enter  
34 into water service contracts with applicants receiving water from the  
35 program to recover all or a portion of the cost of developing water  
36 supplies made possible with funding from the account created in this  
37 section. The department may deny an application if the applicant does  
38 not enter into a water service contract. Revenue collected from water

1 service contracts must be deposited into the Yakima integrated plan  
2 implementation recovery account created in section 6 of this act. The  
3 department may adopt rules describing the methodology as to how charges  
4 will be established and direct costs recovered for water supply  
5 developed under the Yakima river basin integrated water resource  
6 management plan implementation program.

7 NEW SECTION. **Sec. 5.** A new section is added to chapter 90.38 RCW  
8 to read as follows:

9 (1) The Yakima integrated plan implementation taxable bond account  
10 is created in the state treasury to receive the proceeds from the sale  
11 of taxable bonds authorized in section 13 of this act. Moneys in the  
12 account may be spent only after appropriation. Expenditures from the  
13 account may be used only as provided in this section. Interest earned  
14 by deposits in the account will be retained in the account.

15 (2) Expenditures from the account created in this section may be  
16 used to assess, plan, and develop projects under the Yakima river basin  
17 integrated water resource management plan or for any other actions  
18 designed to provide access to new water supplies within the Yakima  
19 river basin for both instream and out-of-stream uses, consistent with  
20 the integrated plan and the authorities, goals, and objectives set  
21 forth in section 3 of this act.

22 (3)(a) Funds may not be expended from the account for the  
23 construction of a new storage facility until the department evaluates  
24 the following:

25 (i) Water uses to be served by the facility;

26 (ii) The quantity of water necessary to meet the needs of those  
27 uses;

28 (iii) The benefits and costs to the state of serving those uses,  
29 including short-term and long-term economic, cultural, and  
30 environmental effects; and

31 (iv) Alternative means of supplying water to meet those uses,  
32 including the costs of those alternatives and an analysis of the extent  
33 to which the long-term water supply needs are able to be met using  
34 those alternatives.

35 (b) The department may rely on studies and information developed  
36 through compliance with other state and federal requirements and other



1 sources. The department shall compile its findings and conclusions and  
2 provide a summary of the information it reviewed.

3 (c) Before finalizing its evaluation under the provisions of this  
4 subsection, the department shall make the preliminary evaluation  
5 available to the public. Public comment may be made to the department  
6 within thirty days of the date the preliminary evaluation is made  
7 public.

8 (4) In addition to subsection (3) of this section, the department  
9 may not expend funds from the account inconsistent with the provisions  
10 of sections 8 and 9 of this act.

11 (5) For water supplies developed under the integrated plan to  
12 support future municipal and domestic water needs, the department shall  
13 give preference to other entities in managing water service contracts.  
14 Where the department determines that the management of such contracts  
15 by other entities is not feasible or suitable, the department may enter  
16 into water service contracts with applicants receiving water from the  
17 program to recover all or a portion of the cost of developing water  
18 supplies made possible with funding from the account created in this  
19 section. The department may deny an application if the applicant does  
20 not enter into a water service contract. Revenue collected from water  
21 service contracts must be deposited into the Yakima integrated plan  
22 implementation recovery account created in section 6 of this act. The  
23 department may adopt rules describing the methodology as to how charges  
24 will be established and direct costs recovered for water supply  
25 developed under the Yakima river basin integrated water resource  
26 management plan implementation program.

27 NEW SECTION. **Sec. 6.** A new section is added to chapter 90.38 RCW  
28 to read as follows:

29 (1) The Yakima integrated plan implementation recovery account is  
30 created in the state treasury. All receipts from direct appropriations  
31 from the legislature, moneys directed to the account pursuant to this  
32 chapter, or moneys directed to the account from any other sources must  
33 be deposited in the account. The account is intended to fund projects  
34 using revenues from water service contracts as authorized in this  
35 chapter. Moneys in the account may be spent only after appropriation.  
36 Expenditures from the account may be used only as provided in this

1 section. Interest earned by deposits in the account will be retained  
2 in the account.

3 (2) Expenditures from the account created in this section may be  
4 used to assess, plan, and develop projects under the Yakima river basin  
5 integrated water resource management plan or for any other actions  
6 designed to provide access to new water supplies within the Yakima  
7 river basin for both instream and out-of-stream uses, consistent with  
8 the integrated plan and the authorities, goals, and objectives set  
9 forth in section 3 of this act.

10 (3)(a) Funds may not be expended from the account for the  
11 construction of a new storage facility until the department evaluates  
12 the following:

13 (i) Water uses to be served by the facility;

14 (ii) The quantity of water necessary to meet the needs of those  
15 uses;

16 (iii) The benefits and costs to the state of serving those uses,  
17 including short-term and long-term economic, cultural, and  
18 environmental effects; and

19 (iv) Alternative means of supplying water to meet those uses,  
20 including the costs of those alternatives and an analysis of the extent  
21 to which the long-term water supply needs are able to be met using  
22 those alternatives.

23 (b) The department may rely on studies and information developed  
24 through compliance with other state and federal requirements and other  
25 sources. The department shall compile its findings and conclusions and  
26 provide a summary of the information it reviewed.

27 (c) Before finalizing its evaluation under the provisions of this  
28 subsection, the department shall make the preliminary evaluation  
29 available to the public. Public comment may be made to the department  
30 within thirty days of the date the preliminary evaluation is made  
31 public.

32 (4) In addition to subsection (3) of this section, the department  
33 may not expend funds from the account inconsistent with the provisions  
34 of sections 8 and 9 of this act.

35 (5) For water supplies developed under the integrated plan to  
36 support future municipal and domestic water needs in the Yakima basin,  
37 the department shall give preference to other entities in managing  
38 water service contracts. Where the department determines that the

1 management of such contracts by other entities is not feasible or  
2 suitable, the department may enter into water service contracts with  
3 applicants receiving water from the program to recover all or a portion  
4 of the cost of developing water supplies made possible with funding  
5 from the account created in this section. The department may deny an  
6 application if the applicant does not enter into a water service  
7 contract. Revenue collected from water service contracts must be  
8 deposited into the Yakima integrated plan implementation recovery  
9 account created in this section. The department may adopt rules  
10 describing the methodology as to how charges will be established and  
11 direct costs recovered for water supply developed under the Yakima  
12 river basin integrated water resource management plan implementation  
13 program.

14 NEW SECTION. **Sec. 7.** A new section is added to chapter 90.38 RCW  
15 to read as follows:

16 The Yakima integrated plan implementation revenue account is  
17 created in the state treasury. Deposits to the account must include  
18 the tax revenues directed to the account under RCW 82.16.020(3) and any  
19 other revenues directed to the account by the legislature.  
20 Expenditures from the account created in this section may be used to  
21 assess, plan, and develop projects under the integrated plan or for any  
22 other actions designed to provide access to new water supplies within  
23 the Yakima river basin for both instream and out-of-stream uses,  
24 consistent with the integrated plan and the authorities, goals, and  
25 objectives set forth in section 3 of this act including, but not  
26 limited to, payment of principal and interest on bonds issued under  
27 section 13 of this act. Moneys in the account must be transferred to  
28 the nondebt-limit general fund bond retirement account as required by  
29 section 16 of this act. Interest earned by deposits in the account  
30 will be retained in the account.

31 NEW SECTION. **Sec. 8.** A new section is added to chapter 90.38 RCW  
32 to read as follows:

33 (1) The department may not expend any funding on a capital project  
34 from the Yakima integrated plan implementation account created in  
35 section 4 of this act, the Yakima integrated plan implementation  
36 taxable bond account created in section 5 of this act, the Yakima

1 integrated plan implementation recovery account created in section 6 of  
2 this act, or as any other part of the department's implementation of  
3 the integrated plan under section 3 of this act until the department  
4 has received at least an equal amount of funding for that project from  
5 federal or other nonstate sources.

6 (2) The office of financial management must report to the house of  
7 representatives and senate capital budget committees as nonstate  
8 funding is received for projects that are related to the integrated  
9 plan.

10 NEW SECTION. **Sec. 9.** A new section is added to chapter 90.38 RCW  
11 to read as follows:

12 (1) The department may not expend any funding on a capital project  
13 from the Yakima integrated plan implementation account created in  
14 section 4 of this act, the Yakima integrated plan implementation  
15 taxable bond account created in section 5 of this act, the Yakima  
16 integrated plan implementation recovery account created in section 6 of  
17 this act, or as any other part of the department's implementation of  
18 the integrated plan under section 3 of this act in excess of the cost  
19 estimate for the project provided by the department under section 12 of  
20 this act.

21 (2) Any costs in excess of the cost estimate for the project  
22 provided by the department under section 12 of this act must be borne  
23 by the residents of the Yakima river basin.

24 **Sec. 10.** RCW 90.38.900 and 1989 c 429 s 7 are each amended to read  
25 as follows:

26 The policies and purposes of this chapter shall not be construed as  
27 replacing or amending the policies or the purposes for which funds  
28 available under chapter 43.83B (~~(or)~~), 43.99E, or 90.90 RCW may be used  
29 within or without the Yakima river basin.

30 **Sec. 11.** RCW 90.38.902 and 1989 c 429 s 9 are each amended to read  
31 as follows:

32 (1) Nothing in this chapter shall authorize the impairment of, or  
33 operate to impair, any existing water rights.

34 (2) Nothing in this chapter may be construed to limit, impair,  
35 waive, abrogate, or diminish:

1 (a) Any treaty or other rights of the Yakama Nation;

2 (b) Any powers, rights, or authorities conferred upon irrigation  
3 districts under existing law;

4 (c) Any rights or jurisdictions of the United States, the state of  
5 Washington, or other person or entity over waters in the Yakima river  
6 basin.

7 NEW SECTION. Sec. 12. A new section is added to chapter 90.38 RCW  
8 to read as follows:

9 (1) By December 1, 2015, and by December 1st of every odd-numbered  
10 year thereafter, and in compliance with RCW 43.01.036, the department,  
11 in consultation with the United States bureau of reclamation, the  
12 Yakama Nation, Yakima river basin local governments, and key basin  
13 stakeholders, shall provide a Yakima river basin integrated water  
14 resource management plan implementation status report to the  
15 legislature and to the governor.

16 (2) The report must include, at a minimum:

17 (a) A description of measures that have been funded and implemented  
18 in the Yakima river basin and their effectiveness in meeting the  
19 objectives of this act;

20 (b) A project funding list that represents the state's percentage  
21 cost share to implement the integrated plan measures for the current  
22 biennium;

23 (c) Cost estimates for individual projects in subsequent biennia of  
24 sufficient detail to implement the intent of section 9 of this act;

25 (d) A description of progress toward concurrent realization of the  
26 integrated plan's fish passage, watershed enhancement, and water supply  
27 goals; and

28 (e) An annual summary of all associated costs to develop and  
29 implement projects within the framework of the integrated plan for the  
30 Yakima river basin.

31 (3) This section expires December 31, 2045.

32 NEW SECTION. Sec. 13. A new section is added to chapter 90.38 RCW  
33 to read as follows:

34 For the purpose of providing funds for the department's  
35 implementation of the integrated plan in the Yakima river basin under  
36 section 3 of this act, the state finance committee is authorized to

1 issue general obligation bonds of the state of Washington in the sum of  
2 two billion five hundred million dollars, or as much thereof as may be  
3 required, to finance the projects and all costs incidental thereto.  
4 Bonds authorized in this section may be sold at such price as the state  
5 finance committee shall determine. No bonds authorized in this section  
6 may be offered for sale without prior legislative appropriation of the  
7 net proceeds of the sale of the bonds.

8 NEW SECTION. **Sec. 14.** A new section is added to chapter 43.99G  
9 RCW to read as follows:

10 It is the intent of the legislature that the proceeds of the new  
11 bonds authorized in section 13 of this act will be appropriated in  
12 phases over fifteen biennia, beginning with the 2013-2015 biennium.  
13 This is not intended to limit the legislature's ability to appropriate  
14 bond proceeds if the full amount authorized in section 13 of this act  
15 has not been appropriated after fifteen biennia. The authorization to  
16 issue bonds contained in section 13 of this act does not expire until  
17 the full authorization has been issued and appropriated.

18 NEW SECTION. **Sec. 15.** A new section is added to chapter 43.99G  
19 RCW to read as follows:

20 The proceeds from the sale of the bonds authorized in section 13 of  
21 this act shall be deposited in the Yakima integrated plan  
22 implementation taxable bond account created in section 5 of this act.  
23 If the state finance committee determines that a portion of the amount  
24 authorized in section 13 of this act may be issued as nontaxable bonds  
25 in compliance with federal internal revenue service rules and  
26 regulations pertaining to the use of nontaxable bond proceeds, the  
27 proceeds of such nontaxable bonds shall be transferred to the Yakima  
28 integrated plan implementation account created in section 4 of this act  
29 in lieu of any deposit otherwise provided by this section. The state  
30 treasurer shall submit written notice to the director of financial  
31 management if it is determined that any such transfer to the Yakima  
32 integrated plan implementation account is necessary. Moneys in the  
33 account may be spent only after appropriation. The proceeds shall be  
34 used exclusively for the purposes specified in section 13 of this act  
35 and for the payment of expenses incurred in the issuance and sale of

1 the bonds. These proceeds shall be administered by the office of  
2 financial management, subject to legislative appropriation.

3 NEW SECTION. **Sec. 16.** A new section is added to chapter 43.99G  
4 RCW to read as follows:

5 (1) The nondebt-limit general fund bond retirement account created  
6 in RCW 43.99M.030 shall be used for the payment of the principal of and  
7 interest on the bonds authorized in section 13 of this act.

8 (2)(a) The state finance committee shall, on or before June 30th of  
9 each year, certify to the state treasurer the amount needed in the  
10 ensuing twelve months to meet the bond retirement and interest  
11 requirements. On each date on which any interest or principal and  
12 interest payment is due, the state treasurer shall withdraw from any  
13 tax revenues placed in the Yakima integrated plan implementation  
14 revenue account created in section 7 of this act and deposit in the  
15 nondebt-limit general fund bond retirement account an amount equal to  
16 the amount certified by the state finance committee to be due on the  
17 payment date.

18 (b) If the amount of tax revenues on deposit in the Yakima  
19 integrated plan implementation revenue account is insufficient to make  
20 the bond payment amount due, the state treasurer shall withdraw from  
21 any general state revenues received in the state treasury and deposit  
22 in the nondebt-limit general fund bond retirement account the  
23 additional amount required to provide sufficient funds for the bond  
24 payment amount then due.

25 (3) Bonds issued under section 13 of this act shall state that they  
26 are a general obligation of the state of Washington, shall pledge the  
27 full faith and credit of the state to the payment of the principal  
28 thereof and the interest thereon, and shall contain an unconditional  
29 promise to pay the principal and interest as the same shall become due.

30 (4) The owner and holder of each of the bonds or the trustee for  
31 the owner and holder of any of the bonds may by mandamus or other  
32 appropriate proceeding require the transfer and payment of funds as  
33 directed in this section.

34 NEW SECTION. **Sec. 17.** A new section is added to chapter 43.99G  
35 RCW to read as follows:

36 The legislature may provide additional means for raising moneys for

1 the payment of the principal of and interest on the bonds authorized in  
2 section 13 of this act, and section 16 of this act shall not be deemed  
3 to provide an exclusive method for the payment.

4 NEW SECTION. **Sec. 18.** A new section is added to chapter 43.99G  
5 RCW to read as follows:

6 The bonds authorized in section 13 of this act shall be a legal  
7 investment for all state funds or funds under state control and for all  
8 funds of any other public body.

9 **Sec. 19.** RCW 82.16.020 and 2011 1st sp.s. c 48 s 7033 are each  
10 amended to read as follows:

11 (1) There is levied and there shall be collected from every person  
12 a tax for the act or privilege of engaging within this state in any one  
13 or more of the businesses herein mentioned. The tax shall be equal to  
14 the gross income of the business, multiplied by the rate set out after  
15 the business, as follows:

16 (a) Express, sewerage collection, and telegraph businesses: Three  
17 and six-tenths percent;

18 (b) Light and power business: Three and sixty-two one-hundredths  
19 percent;

20 (c) Gas distribution business: Three and six-tenths percent;

21 (d) Urban transportation business: Six-tenths of one percent;

22 (e) Vessels under sixty-five feet in length, except tugboats,  
23 operating upon the waters within the state: Six-tenths of one percent;

24 (f) Motor transportation, railroad, railroad car, and tugboat  
25 businesses, and all public service businesses other than ones mentioned  
26 above: One and eight-tenths of one percent;

27 (g) Water distribution business: Four and seven-tenths percent.

28 (2) An additional tax is imposed equal to the rate specified in RCW  
29 82.02.030 multiplied by the tax payable under subsection (1) of this  
30 section.

31 (3)(a) At the beginning of every other state fiscal year, and  
32 except as provided in (b) of this subsection, the combined tax rate  
33 under subsections (1)(g) and (2) of this section for a water  
34 distribution business shall be increased by fifteen percent. The  
35 biennial rate adjustment under this subsection (3) is compounded with



1 any previous rate adjustment under this subsection (3). The rate  
2 adjustment occurs every other July 1st beginning July 1, 2016, and  
3 ending July 1, 2050.

4 (b) The biennial rate increase is twelve percent beginning with the  
5 July 1, 2026, adjustment.

6 (c) Starting July 1, 2052, the tax rate for a water distribution  
7 business is equal to the combined rate under subsections (1)(g) and (2)  
8 of this section.

9 (d) Revenue derived from the rate increase under this subsection  
10 (3) in excess of the combined tax rate under subsections (1)(g) and (2)  
11 of this section for a water distribution business must be deposited  
12 into the Yakima integrated plan implementation revenue account created  
13 in section 7 of this act.

14 (4)(a) Twenty percent of the moneys collected under subsection (1)  
15 of this section on water distribution businesses and sixty percent of  
16 the moneys collected under subsection (1) of this section on sewerage  
17 collection businesses shall be deposited in the public works assistance  
18 account created in RCW 43.155.050: PROVIDED, That during the fiscal  
19 year 2011, twenty percent of the moneys collected under subsection (1)  
20 of this section on water distribution businesses and sixty percent of  
21 the moneys collected under subsection (1) of this section on sewerage  
22 collection businesses must be deposited in the general fund for general  
23 purpose expenditures.

24 (b) This subsection does not apply to taxes collected under  
25 subsection (3) of this section.

26 **Sec. 20.** RCW 43.84.092 and 2013 c 251 s 3 and 2013 c 96 s 3 are  
27 each reenacted and amended to read as follows:

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

31 (2) The treasury income account shall be utilized to pay or receive  
32 funds associated with federal programs as required by the federal cash  
33 management improvement act of 1990. The treasury income account is  
34 subject in all respects to chapter 43.88 RCW, but no appropriation is  
35 required for refunds or allocations of interest earnings required by  
36 the cash management improvement act. Refunds of interest to the  
37 federal treasury required under the cash management improvement act

1 fall under RCW 43.88.180 and shall not require appropriation. The  
2 office of financial management shall determine the amounts due to or  
3 from the federal government pursuant to the cash management improvement  
4 act. The office of financial management may direct transfers of funds  
5 between accounts as deemed necessary to implement the provisions of the  
6 cash management improvement act, and this subsection. Refunds or  
7 allocations shall occur prior to the distributions of earnings set  
8 forth in subsection (4) of this section.

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

17 (4) Monthly, the state treasurer shall distribute the earnings  
18 credited to the treasury income account. The state treasurer shall  
19 credit the general fund with all the earnings credited to the treasury  
20 income account except:

21 (a) The following accounts and funds shall receive their  
22 proportionate share of earnings based upon each account's and fund's  
23 average daily balance for the period: The aeronautics account, the  
24 aircraft search and rescue account, the Alaskan Way viaduct replacement  
25 project account, the budget stabilization account, the capital vessel  
26 replacement account, the capitol building construction account, the  
27 Cedar River channel construction and operation account, the Central  
28 Washington University capital projects account, the charitable,  
29 educational, penal and reformatory institutions account, the cleanup  
30 settlement account, the Columbia river basin water supply development  
31 account, the Columbia river basin taxable bond water supply development  
32 account, the Columbia river basin water supply revenue recovery  
33 account, the common school construction fund, the county arterial  
34 preservation account, the county criminal justice assistance account,  
35 the deferred compensation administrative account, the deferred  
36 compensation principal account, the department of licensing services  
37 account, the department of retirement systems expense account, the  
38 developmental disabilities community trust account, the drinking water

1 assistance account, the drinking water assistance administrative  
2 account, the drinking water assistance repayment account, the Eastern  
3 Washington University capital projects account, the Interstate 405  
4 express toll lanes operations account, the education construction fund,  
5 the education legacy trust account, the election account, the energy  
6 freedom account, the energy recovery act account, the essential rail  
7 assistance account, The Evergreen State College capital projects  
8 account, the federal forest revolving account, the ferry bond  
9 retirement fund, the freight mobility investment account, the freight  
10 mobility multimodal account, the grade crossing protective fund, the  
11 public health services account, the high capacity transportation  
12 account, the state higher education construction account, the higher  
13 education construction account, the highway bond retirement fund, the  
14 highway infrastructure account, the highway safety fund, the high  
15 occupancy toll lanes operations account, the hospital safety net  
16 assessment fund, the industrial insurance premium refund account, the  
17 judges' retirement account, the judicial retirement administrative  
18 account, the judicial retirement principal account, the local leasehold  
19 excise tax account, the local real estate excise tax account, the local  
20 sales and use tax account, the marine resources stewardship trust  
21 account, the medical aid account, the mobile home park relocation fund,  
22 the motor vehicle fund, the motorcycle safety education account, the  
23 multimodal transportation account, the municipal criminal justice  
24 assistance account, the natural resources deposit account, the oyster  
25 reserve land account, the pension funding stabilization account, the  
26 perpetual surveillance and maintenance account, the public employees'  
27 retirement system plan 1 account, the public employees' retirement  
28 system combined plan 2 and plan 3 account, the public facilities  
29 construction loan revolving account beginning July 1, 2004, the public  
30 health supplemental account, the public works assistance account, the  
31 Puget Sound capital construction account, the Puget Sound ferry  
32 operations account, the real estate appraiser commission account, the  
33 recreational vehicle account, the regional mobility grant program  
34 account, the resource management cost account, the rural arterial trust  
35 account, the rural mobility grant program account, the rural Washington  
36 loan fund, the site closure account, the skilled nursing facility  
37 safety net trust fund, the small city pavement and sidewalk account,  
38 the special category C account, the special wildlife account, the state

1 employees' insurance account, the state employees' insurance reserve  
2 account, the state investment board expense account, the state  
3 investment board commingled trust fund accounts, the state patrol  
4 highway account, the state route number 520 civil penalties account,  
5 the state route number 520 corridor account, the state wildlife  
6 account, the supplemental pension account, the Tacoma Narrows toll  
7 bridge account, the teachers' retirement system plan 1 account, the  
8 teachers' retirement system combined plan 2 and plan 3 account, the  
9 tobacco prevention and control account, the tobacco settlement account,  
10 the toll facility bond retirement account, the transportation 2003  
11 account (nickel account), the transportation equipment fund, the  
12 transportation fund, the transportation improvement account, the  
13 transportation improvement board bond retirement account, the  
14 transportation infrastructure account, the transportation partnership  
15 account, the traumatic brain injury account, the tuition recovery trust  
16 fund, the University of Washington bond retirement fund, the University  
17 of Washington building account, the volunteer firefighters' and reserve  
18 officers' relief and pension principal fund, the volunteer  
19 firefighters' and reserve officers' administrative fund, the Washington  
20 judicial retirement system account, the Washington law enforcement  
21 officers' and firefighters' system plan 1 retirement account, the  
22 Washington law enforcement officers' and firefighters' system plan 2  
23 retirement account, the Washington public safety employees' plan 2  
24 retirement account, the Washington school employees' retirement system  
25 combined plan 2 and 3 account, the Washington state economic  
26 development commission account, the Washington state health insurance  
27 pool account, the Washington state patrol retirement account, the  
28 Washington State University building account, the Washington State  
29 University bond retirement fund, the water pollution control revolving  
30 administration account, the water pollution control revolving fund,  
31 ((and)) the Western Washington University capital projects account, the  
32 Yakima integrated plan implementation account, the Yakima integrated  
33 plan implementation recovery account, the Yakima integrated plan  
34 implementation revenue account, and the Yakima integrated plan  
35 implementation taxable bond account. Earnings derived from investing  
36 balances of the agricultural permanent fund, the normal school  
37 permanent fund, the permanent common school fund, the scientific

1 permanent fund, the state university permanent fund, and the state  
2 reclamation revolving account shall be allocated to their respective  
3 beneficiary accounts.

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

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

13 **Sec. 21.** RCW 43.84.092 and 2013 c 251 s 4 and 2013 c 96 s 4 are  
14 each reenacted and amended to read as follows:

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

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

33 (3) Except for the provisions of RCW 43.84.160, the treasury income  
34 account may be utilized for the payment of purchased banking services  
35 on behalf of treasury funds including, but not limited to, depository,  
36 safekeeping, and disbursement functions for the state treasury and  
37 affected state agencies. The treasury income account is subject in all

1 respects to chapter 43.88 RCW, but no appropriation is required for  
2 payments to financial institutions. Payments shall occur prior to  
3 distribution of earnings set forth in subsection (4) of this section.

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

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

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

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

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

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



1        NEW SECTION.    **Sec. 22.**    Section 20 of this act expires if the  
2 requirements set out in section 7, chapter 36, Laws of 2012 are met.

3        NEW SECTION.    **Sec. 23.**    Section 21 of this act takes effect if the  
4 requirements set out in section 7, chapter 36, Laws of 2012 are met.

5        NEW SECTION.    **Sec. 24.**    The secretary of state shall submit this  
6 act to the people for their adoption and ratification, or rejection, at  
7 the next general election to be held in this state, in accordance with  
8 Article II, section 1 and Article VIII, section 3 of the state  
9 Constitution and the laws adopted to facilitate its operation."

10        Correct the title.

EFFECT:        Provides bonding authority over 15 biennia to fund projects in the Yakima river basin integrated plan; prohibits the department of ecology from funding projects in the Yakima river basin integrated plan unless equal funding is provided from nonstate sources; requires any cost overruns for projects that are part of the Yakima river basin integrated plans to be paid for by the residents of the Yakima river basin; increases the public utility tax on water distribution businesses in compounding increments and directs the increased collections to a new account created to fund Yakima river basin projects; adds legislative intent related to willingness to pay for the benefits of the Yakima river basin projects; and adds a referendum clause.

--- END ---