
SUBSTITUTE HOUSE BILL 1141

State of Washington

63rd Legislature

2013 Regular Session

By House Capital Budget (originally sponsored by Representatives Smith, Tharinger, Short, Hunt, Stanford, Warnick, and Ryu; by request of Department of Ecology)

READ FIRST TIME 01/30/13.

1 AN ACT Relating to establishing a water pollution control revolving
2 loan administration charge; amending RCW 90.50A.010; reenacting and
3 amending RCW 43.84.092 and 43.84.092; adding a new section to chapter
4 90.50A RCW; providing a contingent effective date; and providing a
5 contingent expiration date.

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

7 **Sec. 1.** RCW 90.50A.010 and 1988 c 284 s 2 are each amended to read
8 as follows:

9 (~~Unless the context clearly requires otherwise,~~) The definitions
10 in this section apply throughout this chapter unless the context
11 clearly requires otherwise.

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

13 (2) "Eligible cost" means the cost of that portion of a water
14 pollution control facility or activity that can be financed under this
15 chapter.

16 (3) "Fund" means the water pollution control revolving fund in the
17 custody of the state treasurer.

18 (4) "Water pollution control facility" or "water pollution control
19 facilities" means any facilities or systems owned or operated by a

1 public body for the control, collection, storage, treatment, disposal,
2 or recycling of wastewater, including but not limited to sanitary
3 sewage, storm water, combined sewer overflows, residential, commercial,
4 industrial, and agricultural wastes, which are causing water quality
5 degradation due to concentrations of conventional, nonconventional, or
6 toxic pollutants. Water pollution control facilities include all
7 equipment, utilities, structures, real property, and interests in and
8 improvements on real property necessary for or incidental to such
9 purpose. Water pollution control facilities also include such
10 facilities, equipment, and collection systems as are necessary to
11 protect federally designated sole source aquifers.

12 (5) "Water pollution control activities" means actions taken by a
13 public body for the following purposes: (a) To control nonpoint
14 sources of water pollution; (b) to develop and implement a
15 comprehensive management plan for estuaries; and (c) to maintain or
16 improve water quality through the use of water pollution control
17 facilities or other means.

18 (6) "Public body" means the state of Washington or any agency,
19 county, city or town, other political subdivision, municipal
20 corporation or quasi-municipal corporation, and those Indian tribes now
21 or hereafter recognized as such by the federal government.

22 (7) "Water pollution" means such contamination, or other alteration
23 of the physical, chemical, or biological properties of any waters of
24 the state, including change in temperature, taste, color, turbidity, or
25 odor of the waters, or such discharge of any liquid, gaseous, solid,
26 radioactive, or other substance into any waters of the state as will or
27 is likely to create a nuisance or render such waters harmful,
28 detrimental, or injurious to the public health, safety, or welfare, or
29 to domestic, commercial, industrial, agricultural, recreational, or
30 other legitimate beneficial uses, or to livestock, wild animals, birds,
31 fish, or other aquatic life.

32 (8) "Nonpoint source water pollution" means pollution that enters
33 any waters of the state from any dispersed water-based or land-use
34 activities, including, but not limited to, atmospheric deposition,
35 surface water runoff from agricultural lands, urban areas, and forest
36 lands, subsurface or underground sources, and discharges from boats or
37 other marine vessels.

1 (9) "Federal capitalization grants" means grants from the federal
2 government provided by the water quality act of 1987 (P.L. 100-4).

3 (10) "Debt service" means the total of all principal, interest, and
4 administration charges associated with a water pollution control
5 revolving fund loan that must be repaid to the department by the public
6 body.

7 NEW SECTION. Sec. 2. A new section is added to chapter 90.50A RCW
8 to read as follows:

9 (1) The water pollution control revolving administration account is
10 created in the state treasury. All receipts from charges authorized in
11 this section must be deposited in the account. Moneys in the account
12 may be spent only after appropriation. Expenditures from the account
13 may be used only in a manner consistent with this section.

14 (2) The department is authorized to assess administration charges
15 as a portion of the debt service for loans issued under the water
16 pollution control revolving fund created in RCW 90.50A.020. The sole
17 purpose of assessing administration charges is to predictably and
18 adequately fund the department's costs of administering the water
19 pollution control revolving fund loan program, as identified in
20 subsection (5) of this section. The department must assess
21 administration charges on each water pollution control revolving fund
22 loan at the point the loan enters repayment status, after the effective
23 date of this section and rule changes are adopted to implement the
24 administration charge. Loans that are at an interest rate below the
25 established administration charge rate are exempt from the
26 administration charge.

27 (3) The water pollution control revolving administration account
28 consists of:

29 (a) Any administration charge levied by the department in
30 conjunction with administration of the water pollution control
31 revolving fund; and

32 (b) Any other revenues derived from gifts, grants, or bequests
33 pledged to the state for the purpose of administering the water
34 pollution control revolving fund.

35 (4) The state treasurer may invest and reinvest moneys in the water
36 pollution control revolving administration account in the manner

1 provided by law. All earnings from such investment and reinvestment
2 must be credited to the water pollution control revolving
3 administration account.

4 (5) Moneys in the water pollution control revolving administration
5 account are to be used for the following water pollution revolving fund
6 loan program costs:

7 (a) Administration costs associated with conducting application
8 processes, managing contracts, collecting loan repayments, managing the
9 revolving fund, providing technical assistance, and meeting state and
10 federal reporting requirements; and

11 (b) Information and data system costs associated with loan tracking
12 and fund management.

13 (6) Each biennium, the department may spend from the water
14 pollution control revolving administration account an amount no greater
15 than four percent of the water pollution control revolving fund new
16 capital appropriation.

17 (7) For its 2017-2019 biennial operating budget submittal, and
18 every biennium thereafter, the department must compare the projected
19 water pollution control revolving administration account balance and
20 the projected administration charge income with projected program
21 costs, including an adequate working capital reserve as defined by the
22 office of financial management. In its submittal to the office of
23 financial management, the department may:

24 (a) Find that the projected administration charge income is
25 inadequate to fund the cost of administering the program, and that the
26 rate of the charge must be increased. However, the administration
27 charge may never exceed one percent on the declining principal loan
28 balance;

29 (b) Find that the projected administration charge income exceeds
30 what is needed to fund the cost of administering the program, and that
31 the rate of the charge must be decreased;

32 (c) Find that there is an excess balance in the revolving
33 administration account, and that the excess must be transferred to the
34 water pollution control revolving fund to be used for loans; or

35 (d) Find that there is no need for any rate adjustments or balance
36 transfers.

37 (8) At the point where the water pollution control revolving
38 administration account adequately covers the program administration

1 costs, the department may no longer use the federal administration
2 allowance. If a federal capitalization grant is awarded after that
3 point, all federal capitalization dollars must be used for making
4 loans.

5 (9) By December 1, 2018, the department must submit to the
6 appropriate legislative fiscal committees a report on implementation of
7 the administration charge, including information on: The amount of
8 income the administration charge has produced since its inception; the
9 uses and adequacy of the income for administrative costs; any excess
10 balances that have been transferred to the water pollution control
11 revolving fund; and any additional sources that the department is using
12 for program administration.

13 **Sec. 3.** RCW 43.84.092 and 2012 c 198 s 2, 2012 c 196 s 7, 2012 c
14 187 s 14, and 2012 c 83 s 4 are each reenacted and amended to read as
15 follows:

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

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

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

1 affected state agencies. The treasury income account is subject in all
2 respects to chapter 43.88 RCW, but no appropriation is required for
3 payments to financial institutions. Payments shall occur prior to
4 distribution of earnings set forth in subsection (4) of this section.

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

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

1 construction account, the higher education construction account, the
2 highway bond retirement fund, the highway infrastructure account, the
3 highway safety (~~(account-[fund])~~) fund, the high occupancy toll lanes
4 operations account, the hospital safety net assessment fund, the
5 industrial insurance premium refund account, the judges' retirement
6 account, the judicial retirement administrative account, the judicial
7 retirement principal account, the local leasehold excise tax account,
8 the local real estate excise tax account, the local sales and use tax
9 account, the marine resources stewardship trust account, the medical
10 aid account, the mobile home park relocation fund, the motor vehicle
11 fund, the motorcycle safety education account, the multimodal
12 transportation account, the municipal criminal justice assistance
13 account, the natural resources deposit account, the oyster reserve land
14 account, the pension funding stabilization account, the perpetual
15 surveillance and maintenance account, the public employees' retirement
16 system plan 1 account, the public employees' retirement system combined
17 plan 2 and plan 3 account, the public facilities construction loan
18 revolving account beginning July 1, 2004, the public health
19 supplemental account, the public transportation systems account, the
20 public works assistance account, the Puget Sound capital construction
21 account, the Puget Sound ferry operations account, the Puyallup tribal
22 settlement account, the real estate appraiser commission account, the
23 recreational vehicle account, the regional mobility grant program
24 account, the resource management cost account, the rural arterial trust
25 account, the rural mobility grant program account, the rural Washington
26 loan fund, the site closure account, the skilled nursing facility
27 safety net trust fund, the small city pavement and sidewalk account,
28 the special category C account, the special wildlife account, the state
29 employees' insurance account, the state employees' insurance reserve
30 account, the state investment board expense account, the state
31 investment board commingled trust fund accounts, the state patrol
32 highway account, the state route number 520 civil penalties account,
33 the state route number 520 corridor account, the state wildlife
34 account, the supplemental pension account, the Tacoma Narrows toll
35 bridge account, the teachers' retirement system plan 1 account, the
36 teachers' retirement system combined plan 2 and plan 3 account, the
37 tobacco prevention and control account, the tobacco settlement account,
38 the toll facility bond retirement 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 volunteer firefighters' and reserve
8 officers' relief and pension principal fund, the volunteer
9 firefighters' and reserve officers' administrative fund, the Washington
10 judicial retirement system account, the Washington law enforcement
11 officers' and firefighters' system plan 1 retirement account, the
12 Washington law enforcement officers' and firefighters' system plan 2
13 retirement account, the Washington public safety employees' plan 2
14 retirement account, the Washington school employees' retirement system
15 combined plan 2 and 3 account, the Washington state economic
16 development commission account, the Washington state health insurance
17 pool account, the Washington state patrol retirement account, the
18 Washington State University building account, the Washington State
19 University bond retirement fund, the water pollution control revolving
20 administration account, the water pollution control revolving fund, and
21 the Western Washington University capital projects account. Earnings
22 derived from investing balances of the agricultural permanent fund, the
23 normal school permanent fund, the permanent common school fund, the
24 scientific permanent fund, the state university permanent fund, and the
25 state reclamation revolving account shall be allocated to their
26 respective beneficiary accounts.

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

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

36 **Sec. 4.** RCW 43.84.092 and 2012 c 198 s 2, 2012 c 196 s 7, 2012 c

1 187 s 14, 2012 c 83 s 4, and 2012 c 36 s 5 are each reenacted and
2 amended to read as follows:

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

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

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

29 (4) Monthly, the state treasurer shall distribute the earnings
30 credited to the treasury income account. The state treasurer shall
31 credit the general fund with all the earnings credited to the treasury
32 income account except:

33 (a) The following accounts and funds shall receive their
34 proportionate share of earnings based upon each account's and fund's
35 average daily balance for the period: The aeronautics account, the
36 aircraft search and rescue account, the Alaskan Way viaduct replacement
37 project account, the budget stabilization account, the capital vessel
38 replacement account, the capitol building construction account, the

1 Cedar River channel construction and operation account, the Central
2 Washington University capital projects account, the charitable,
3 educational, penal and reformatory institutions account, the cleanup
4 settlement account, the Columbia river basin water supply development
5 account, the Columbia river basin taxable bond water supply development
6 account, the Columbia river basin water supply revenue recovery
7 account, the Columbia river crossing project account, the common school
8 construction fund, the county arterial preservation account, the county
9 criminal justice assistance account, the deferred compensation
10 administrative account, the deferred compensation principal account,
11 the department of licensing services account, the department of
12 retirement systems expense account, the developmental disabilities
13 community trust account, the drinking water assistance account, the
14 drinking water assistance administrative account, the drinking water
15 assistance repayment account, the Eastern Washington University capital
16 projects account, the Interstate 405 express toll lanes operations
17 account, the education construction fund, the education legacy trust
18 account, the election account, the energy freedom account, the energy
19 recovery act account, the essential rail assistance account, The
20 Evergreen State College capital projects account, the federal forest
21 revolving account, the ferry bond retirement fund, the freight
22 congestion relief account, the freight mobility investment account, the
23 freight mobility multimodal account, the grade crossing protective
24 fund, the public health services account, the high capacity
25 transportation account, the state higher education construction
26 account, the higher education construction account, the highway bond
27 retirement fund, the highway infrastructure account, the highway safety
28 (~~account~~—~~fund~~)) fund, the high occupancy toll lanes operations
29 account, the hospital safety net assessment fund, the industrial
30 insurance premium refund account, the judges' retirement account, the
31 judicial retirement administrative account, the judicial retirement
32 principal account, the local leasehold excise tax account, the local
33 real estate excise tax account, the local sales and use tax account,
34 the marine resources stewardship trust account, the medical aid
35 account, the mobile home park relocation fund, the motor vehicle fund,
36 the motorcycle safety education account, the multimodal transportation
37 account, the municipal criminal justice assistance account, the natural
38 resources deposit account, the oyster reserve land account, the pension

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

1 account, the Washington school employees' retirement system combined
2 plan 2 and 3 account, the Washington state economic development
3 commission account, the Washington state health insurance pool account,
4 the Washington state patrol retirement account, the Washington State
5 University building account, the Washington State University bond
6 retirement fund, the water pollution control revolving administration
7 account, the water pollution control revolving fund, and the Western
8 Washington University capital projects account. Earnings derived from
9 investing balances of the agricultural permanent fund, the normal
10 school permanent fund, the permanent common school fund, the scientific
11 permanent fund, the state university permanent fund, and the state
12 reclamation revolving account shall be allocated to their respective
13 beneficiary accounts.

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

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

23 NEW SECTION. **Sec. 5.** Section 3 of this act expires if the
24 requirements set out in section 7, chapter 36, Laws of 2012 are met.

25 NEW SECTION. **Sec. 6.** Section 4 of this act takes effect if the
26 requirements set out in section 7, chapter 36, Laws of 2012 are met.

--- END ---