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**HOUSE BILL 1154**

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**State of Washington**

**66th Legislature**

**2019 Regular Session**

**By** Representative DeBolt

Read first time 01/15/19. Referred to Committee on Capital Budget.

1 AN ACT Relating to financing of Chehalis basin flood damage  
2 reduction and habitat restoration projects; reenacting and amending  
3 RCW 43.84.092 and 43.84.092; adding a new section to chapter 43.21A  
4 RCW; adding new sections to chapter 43.99G RCW; providing an  
5 effective date; and providing an expiration date.

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

7 NEW SECTION. **Sec. 1.** BOND AUTHORIZATION. For the purpose of  
8 providing funds to finance Chehalis basin flood damage reduction and  
9 aquatic species habitat restoration projects, and all costs  
10 incidental thereto, the state finance committee is authorized to  
11 issue general obligation bonds of the state of Washington in the sum  
12 of four hundred eighty million dollars, or as much thereof as may be  
13 required. Bonds authorized in this section may be sold at such price  
14 as the state finance committee shall determine. No bonds authorized  
15 in this section may be offered for sale without prior legislative  
16 appropriation of the net proceeds of the sale of the bonds.

17 NEW SECTION. **Sec. 2.** PHASED APPROPRIATION OF BOND PROCEEDS. It  
18 is the intent of the legislature that the proceeds of the new bonds  
19 authorized in section 1 of this act will be appropriated in phases  
20 over five biennia, beginning with the 2019-2021 biennium. This is not

1 intended to limit the legislature's ability to appropriate bond  
2 proceeds if the full amount authorized in section 1 of this act has  
3 not been appropriated after five biennia. The authorization to issue  
4 bonds contained in section 1 of this act does not expire until the  
5 full authorization has been appropriated and issued.

6 NEW SECTION. **Sec. 3.** DEPOSIT OF BOND PROCEEDS. The proceeds  
7 from the sale of the bonds authorized in section 1 of this act shall  
8 be deposited in the Chehalis basin account created in RCW 43.21A.733.  
9 If the state finance committee deems it necessary or advantageous to  
10 issue the bonds authorized in section 1 of this act as taxable bonds  
11 in order to comply with federal internal revenue service rules and  
12 regulations pertaining to the use of nontaxable bond proceeds, the  
13 proceeds of such taxable bonds shall be transferred to the Chehalis  
14 basin taxable account created in section 7 of this act in lieu of any  
15 deposit otherwise provided by this section. The state treasurer shall  
16 submit written notice to the director of financial management if it  
17 is determined that any such transfer to the Chehalis basin taxable  
18 account is necessary.

19 NEW SECTION. **Sec. 4.** BOND RETIREMENT. (1) The debt-limit  
20 general fund bond retirement account shall be used for the payment of  
21 the principal of and interest on the bonds authorized in section 1 of  
22 this act.

23 (2) The state finance committee shall, on or before June 30th of  
24 each year, certify to the state treasurer the amount needed in the  
25 ensuing twelve months to meet the bond retirement and interest  
26 requirements.

27 (3) On each date on which any interest or principal and interest  
28 payment is due, the state treasurer shall withdraw from any general  
29 state revenues received in the state treasury and deposit in the  
30 debt-limit general fund bond retirement account an amount equal to  
31 the amount certified by the state finance committee to be due on the  
32 payment date.

33 NEW SECTION. **Sec. 5.** PAYMENT OF DEBT SERVICE. (1) Bonds issued  
34 under section 1 of this act shall state that they are a general  
35 obligation of the state of Washington, shall pledge the full faith  
36 and credit of the state to the payment of the principal thereof and

1 the interest thereon, and shall contain an unconditional promise to  
2 pay the principal and interest as the same shall become due.

3 (2) The owner and holder of each of the bonds or the trustee for  
4 the owner and holder of any of the bonds may by mandamus or other  
5 appropriate proceeding require the transfer and payment of funds as  
6 directed in this section.

7 (3) The legislature may provide additional means for raising  
8 moneys for the payment of the principal of and interest on the bonds  
9 authorized in section 1 of this act, and subsection (1) of this  
10 section shall not be deemed to provide an exclusive method for the  
11 payment.

12 NEW SECTION. **Sec. 6.** LEGAL INVESTMENT. The bonds authorized in  
13 section 1 of this act shall be a legal investment for all state funds  
14 or funds under state control and for all funds of any other public  
15 body.

16 NEW SECTION. **Sec. 7.** A new section is added to chapter 43.21A  
17 RCW to read as follows:

18 CHEHALIS BASIN TAXABLE ACCOUNT CREATED. The Chehalis basin  
19 taxable account is created in the state treasury. All receipts from  
20 the proceeds of taxable bonds issued as authorized under section 1 of  
21 this act, or transferred as authorized under section 3 of this act,  
22 must be deposited in the account. Interest earned by deposits in the  
23 account will be retained in the account. Moneys in the account may be  
24 spent only after appropriation. Expenditures from the account may be  
25 used only for the purposes set out in RCW 43.21A.730 and for the  
26 payment of expenses incurred in the issuance and sale of the bonds.

27 **Sec. 8.** RCW 43.84.092 and 2018 c 275 s 10 and 2018 c 203 s 14  
28 are each reenacted and amended to read as follows:

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

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

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

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

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

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

1 account, the deferred compensation administrative account, the  
2 deferred compensation principal account, the department of licensing  
3 services account, the department of licensing tuition recovery trust  
4 fund, the department of retirement systems expense account, the  
5 developmental disabilities community trust account, the diesel idle  
6 reduction account, the drinking water assistance account, the  
7 drinking water assistance administrative account, the early learning  
8 facilities development account, the early learning facilities  
9 revolving account, the Eastern Washington University capital projects  
10 account, the Interstate 405 express toll lanes operations account,  
11 the education construction fund, the education legacy trust account,  
12 the election account, the electric vehicle charging infrastructure  
13 account, the energy freedom account, the energy recovery act account,  
14 the essential rail assistance account, The Evergreen State College  
15 capital projects account, the federal forest revolving account, the  
16 ferry bond retirement fund, the freight mobility investment account,  
17 the freight mobility multimodal account, the grade crossing  
18 protective fund, the public health services account, the high  
19 capacity transportation account, the state higher education  
20 construction account, the higher education construction account, the  
21 highway bond retirement fund, the highway infrastructure account, the  
22 highway safety fund, the high occupancy toll lanes operations  
23 account, the hospital safety net assessment fund, the industrial  
24 insurance premium refund account, the judges' retirement account, the  
25 judicial retirement administrative account, the judicial retirement  
26 principal account, the local leasehold excise tax account, the local  
27 real estate excise tax account, the local sales and use tax account,  
28 the marine resources stewardship trust account, the medical aid  
29 account, the mobile home park relocation fund, the money-purchase  
30 retirement savings administrative account, the money-purchase  
31 retirement savings principal account, the motor vehicle fund, the  
32 motorcycle safety education account, the multimodal transportation  
33 account, the multiuse roadway safety account, the municipal criminal  
34 justice assistance account, the natural resources deposit account,  
35 the oyster reserve land account, the pension funding stabilization  
36 account, the perpetual surveillance and maintenance account, the  
37 pollution liability insurance agency underground storage tank  
38 revolving account, the public employees' retirement system plan 1  
39 account, the public employees' retirement system combined plan 2 and  
40 plan 3 account, the public facilities construction loan revolving

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

1 patrol retirement account, the Washington State University building  
2 account, the Washington State University bond retirement fund, the  
3 water pollution control revolving administration account, the water  
4 pollution control revolving fund, the Western Washington University  
5 capital projects account, the Yakima integrated plan implementation  
6 account, the Yakima integrated plan implementation revenue recovery  
7 account, and the Yakima integrated plan implementation taxable bond  
8 account. Earnings derived from investing balances of the agricultural  
9 permanent fund, the normal school permanent fund, the permanent  
10 common school fund, the scientific permanent fund, the state  
11 university permanent fund, and the state reclamation revolving  
12 account shall be allocated to their respective beneficiary accounts.

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

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

22 **Sec. 9.** RCW 43.84.092 and 2018 c 287 s 7, 2018 c 275 s 10, and  
23 2018 c 203 s 14 are each reenacted and amended to read as follows:

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

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

1 this subsection. Refunds or allocations shall occur prior to the  
2 distributions of earnings set forth in subsection (4) of this  
3 section.

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

13 (4) Monthly, the state treasurer shall distribute the earnings  
14 credited to the treasury income account. The state treasurer shall  
15 credit the general fund with all the earnings credited to the  
16 treasury income account except:

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



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

1 rural arterial trust account, the rural mobility grant program  
2 account, the rural Washington loan fund, the sexual assault  
3 prevention and response account, the site closure account, the  
4 skilled nursing facility safety net trust fund, the small city  
5 pavement and sidewalk account, the special category C account, the  
6 special wildlife account, the state employees' insurance account, the  
7 state employees' insurance reserve account, the state investment  
8 board expense account, the state investment board commingled trust  
9 fund accounts, the state patrol highway account, the state route  
10 number 520 civil penalties account, the state route number 520  
11 corridor account, the state wildlife account, the statewide tourism  
12 marketing account, the student achievement council tuition recovery  
13 trust fund, the supplemental pension account, the Tacoma Narrows toll  
14 bridge account, the teachers' retirement system plan 1 account, the  
15 teachers' retirement system combined plan 2 and plan 3 account, the  
16 tobacco prevention and control account, the tobacco settlement  
17 account, the toll facility bond retirement account, the  
18 transportation 2003 account (nickel account), the transportation  
19 equipment fund, the transportation future funding program account,  
20 the transportation improvement account, the transportation  
21 improvement board bond retirement account, the transportation  
22 infrastructure account, the transportation partnership account, the  
23 traumatic brain injury account, the tuition recovery trust fund, the  
24 University of Washington bond retirement fund, the University of  
25 Washington building account, the volunteer firefighters' and reserve  
26 officers' relief and pension principal fund, the volunteer  
27 firefighters' and reserve officers' administrative fund, the  
28 Washington judicial retirement system account, the Washington law  
29 enforcement officers' and firefighters' system plan 1 retirement  
30 account, the Washington law enforcement officers' and firefighters'  
31 system plan 2 retirement account, the Washington public safety  
32 employees' plan 2 retirement account, the Washington school  
33 employees' retirement system combined plan 2 and 3 account, the  
34 Washington state health insurance pool account, the Washington state  
35 patrol retirement account, the Washington State University building  
36 account, the Washington State University bond retirement fund, the  
37 water pollution control revolving administration account, the water  
38 pollution control revolving fund, the Western Washington University  
39 capital projects account, the Yakima integrated plan implementation  
40 account, the Yakima integrated plan implementation revenue recovery

1 account, and the Yakima integrated plan implementation taxable bond  
2 account. Earnings derived from investing balances of the agricultural  
3 permanent fund, the normal school permanent fund, the permanent  
4 common school fund, the scientific permanent fund, the state  
5 university permanent fund, and the state reclamation revolving  
6 account shall be allocated to their respective beneficiary accounts.

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

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

16 NEW SECTION. **Sec. 10.** Sections 1 through 6 of this act are each  
17 added to chapter 43.99G RCW and codified with the subchapter heading  
18 of "2019 BOND ISSUE FOR FLOOD DAMAGE REDUCTION AND AQUATIC SPECIES  
19 HABITAT RESTORATION PROJECTS."

20 NEW SECTION. **Sec. 11.** If any provision of this act or its  
21 application to any person or circumstance is held invalid, the  
22 remainder of the act or the application of the provision to other  
23 persons or circumstances is not affected.

24 NEW SECTION. **Sec. 12.** Section 8 of this act expires May 1,  
25 2019.

26 NEW SECTION. **Sec. 13.** Section 9 of this act takes effect May 1,  
27 2019.

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