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## Appropriations Committee

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### ESB 6098

**Brief Description:** Concerning accounts.

**Sponsors:** Senators Robinson and Nguyen; by request of Office of Financial Management.

**Brief Summary of Engrossed Bill**

- Eliminates certain inactive accounts.
- Makes the Department of Commerce responsible for authorizing expenditures from the Down Payment Assistance Account.
- Creates the Fern Lodge Maintenance Account, the Primary Care Workforce Development Account, the Inflation Reduction Elective Pay Account, and the Clean Fuels Credit Account.

**Hearing Date:** 2/22/24

**Staff:** Dave Johnson (786-7154).

**Background:**

In addition to the State General Fund, which may be expended for any lawful purpose, the state maintains several hundred accounts that are dedicated to particular statutory purposes. These accounts generally fall into one of three categories: (1) accounts located in the State Treasury, which always require appropriation by the Legislature; (2) accounts held in the custody of the State Treasurer, which may or may not require legislative appropriation; and (3) accounts located in state agencies and institutions of higher education, known as local accounts.

State and Local Improvements Revolving Account.

In 1972 the Legislature created the State and Local Improvements Revolving Account as an account in the State Treasury. The account may be used for the planning, acquisition,

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construction, and improvement of public waste disposal facilities in the state. According to the Office of Financial Management (OFM), the most recent account activity was in 2022 and there is an account balance of \$26,744. The OFM reports that all loans have been repaid and no bonding authority remains.

#### State and Local Improvements Revolving Account - Waste Disposal Facilities (1980).

In 1980 the Legislature created the State and Local Improvements Revolving Account as an account in the State Treasury. The account may be used to provide funding to public bodies for the planning, design, acquisition, construction, and improvement of public waste disposal and management facilities, to assist a public body to obtain an ownership interest in waste disposal and management facilities, and/or to defray a part of the payments made by a public body to a service provider. According to the OFM, the most recent account activity was in 2016 and there is an account balance of \$2,639. The OFM reports that all loans have been repaid and no bonding authority remains.

#### Heritage Barn Preservation Fund.

In 2007 the Legislature created the Heritage Barn Preservation Program and, separately, the Heritage Barn Preservation Fund as an account in the State Treasury. The account may be used to assist in the stabilization and restoration of heritage barns. While the program has remained active, according to the OFM, the account hasn't been used and there is no account balance.

#### Basic Health Plan Stabilization Account.

In 2011 the Legislature created the Basic Health Plan Stabilization Account as an account in the State Treasury. The account may be used to support the Basic Health Plan (BHP). According to the OFM, the most recent account activity was in 2013 and there is no account balance.

#### Brownfield Redevelopment Trust Fund.

In 2013 the Legislature created the Brownfield Redevelopment Trust Fund as an account in the State Treasury. The account may be used for the remediation and cleanup at the specific redevelopment opportunity zone or specific brownfield renewal authority for which the moneys were deposited in the account. According to the OFM, the account hasn't been used and there is no account balance.

#### Dairy Nutrient Infrastructure Account.

In 2016 the Legislature created the Dairy Nutrient Infrastructure Account as an account in the State Treasury. Receipts from repayment of loans made by the Washington State Conservation Commission for dairy nutrient management demonstration projects are deposited in the account. The account may be used for dairy nutrient management demonstration projects. According to the OFM, the account hasn't been used and there is no account balance.

#### Shared Information Technology System Revolving Account.

In 2015 the Legislature created the Shared Information Technology System Revolving Account in the custody of the State Treasurer. The account is subject to allotment but is non-appropriated. Charges to agencies for shared information technology systems are deposited into

the account. The account may be used to provide shared information technology systems to state agencies. According to the OFM, the most recent account activity was in 2018 and there is no account balance.

State Efficiency and Restructuring Account.

In 2010 the Legislature created the State Efficiency and Restructuring Account as an account in the State Treasury. The State Treasurer transfers funds from specified accounts into the account as directed by legislative appropriation. Accounts providing surplus funds must be repaid over eight years at an interest rate that is fifty basis points higher than the interest rate that the account would have earned without the transfer. The account may be used to support the transition and phase-down of state operations. According to the OFM, the most recent account activity was in 2020 and there is no account balance.

Washington Sexual Assault Kit Account.

In 2016 the Legislature created the Washington Sexual Assault Kit Account as an account in the custody of the State Treasurer. The account expired in 2022 and was subject to allotment but was non-appropriated. Funds deposited in the account were divided with 85 percent of the funds for conducting forensic analysis of sexual assault kits in the possession of law enforcement agencies but not submitted for forensic analysis as of July 24, 2015; and 15 percent for grants to sexual assault nurse examiner services and training. According to the State Treasurer, there is an account balance of \$19,437.

Fingerprint Identification Account.

In 1992 the Legislature created the Fingerprint Identification Account is created as an account in the custody of the State Treasurer. Receipts from charges for fingerprint checks requested for noncriminal justice purposes and electronic background requests are deposited in the account. Receipts for fingerprint checks by the Federal Bureau of Investigation may also be deposited in the account. The account may be used for record checks. The account is subject to allotment and is appropriated.

Down Payment Assistant Account.

In 2023 the Legislature created the Down Payment Assistant Account as an account in the custody of the State Treasurer. Beginning in fiscal year 2025, the Legislature must annually appropriate from the State General Fund to the account the lesser of \$250,000 or the amount collected from real estate excise tax on sales of condominiums or townhouses to persons using a down payment assistance program offered by the Washington State Housing Finance Commission. The account may be used for payment toward a person's down payment assistance loan that was used to purchase a condominium or townhouse for which the tax was collected. The account is subject to allotment but is non-appropriated. The Housing Finance Commission is responsible for authorizing expenditures from the account.

Clean Fuels Transportation Investment Account.

In 2023 the Legislature created the Clean Fuels Transportation Investment Account as an account in the State Treasury. Receipts from clean fuel credits generated from transportation

investments and received by the state are deposited in the account. The account may be used for activities and projects that reduce greenhouse gas emissions and decarbonize the transportation sector. Interest earnings are credited to the State General Fund.

Fern Lodge is a new 16-bed in-patient behavioral health facility located in Stanwood. The facility is anticipated to serve residents on 90- or 180-day civil commitments and open in January 2025. The Health Care Authority is the administering state agency.

In 2022 Congress enacted the Inflation Reduction Act. The act permits elective pay (sometimes called direct pay) which allows certain entities, including tax-exempt and governmental entities, to benefit from some clean energy tax credits even though those entities don't owe federal income tax.

The state provides funding for medical residency programs, including family residency programs. The Family Medicine Residency Network at the University of Washington, in collaboration with the schools of medicine, administers these funds.

State agencies may generate credits under the state Clean Fuels Programs by taking certain actions, such as installing EV charging stations.

### **Summary of Bill:**

The following accounts are repealed and any residual amounts in the eliminated accounts are transferred to the State General Fund:

- State and Local Improvements Revolving Account;
- State and Local Improvements Revolving Account - Waste Disposal Facilities (1980);
- Heritage Barn Preservation Fund;
- Basic Health Plan Stabilization Account;
- Brownfield Redevelopment Trust Fund;
- Dairy Nutrient Infrastructure Account;
- Shared Information Technology System Revolving Account; and
- State Efficiency and Restructuring Account.

Any residual amount in the Washington Sexual Assault Kit Account is transferred into the Fingerprint Identification Account.

The Director of the Department of Commerce, rather than the Washington State Housing Finance Commission, is responsible for authorizing expenditures from the Down Payment Assistance Account.

The Clean Fuels Transportation Investment language is clarified to reflect that receipts from clean fuels credits generated from investments funded in the transportation budget are deposited in the account. The account retains its interest earnings.

The Fern Lodge Maintenance Account is created in the custody of the State Treasurer. All receipts from the collection of rents for Fern Lodge must be deposited into the account and may only be used for maintenance and operating costs of Fern Lodge. The account is subject to allotment but is non-appropriated. The Director of the Health Care Authority is responsible for authorizing expenditures from the account. Interest earned by this account is retained in the account.

The Inflation Reduction Elective Pay Account is created in the State Treasury. All receipts from elective pay provided under the federal Inflation Reduction Act of 2022 must be deposited into the account.

The Primary Care Workforce Development Account is created in the State Treasury. All receipts from funding available for the Family Medicine Residency Network pursuant including but not limited to funds collected for the Medicaid direct payment program established in the omnibus operating appropriations act must be deposited into the account. Expenditures from the account may be used only to supplement primary care graduate medical education.

The Clean Fuels Credit Account is created in the State Treasury. All receipts from clean fuel credits generated by state agency activities not funded through an appropriation in the omnibus transportation appropriations act must be deposited into the account. Expenditures may be used by state agencies to reduce state agency transportation-related emissions including, but not limited to, electric vehicle infrastructure, electric vehicles, electric vessels, and electric boats. Interest earned by this account is retained in the account.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill contains an emergency clause and, except for sections 4 through 12, takes effect June 1, 2024. The remainder of the bill contains multiple effective dates. Please see the bill.