

CERTIFICATION OF ENROLLMENT

**SUBSTITUTE HOUSE BILL 1141**

63rd Legislature  
2013 Regular Session

Passed by the House March 6, 2013  
Yeas 93 Nays 4

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**Speaker of the House of Representatives**

Passed by the Senate April 15, 2013  
Yeas 44 Nays 4

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**President of the Senate**

Approved

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**Governor of the State of Washington**

CERTIFICATE

I, Barbara Baker, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **SUBSTITUTE HOUSE BILL 1141** as passed by the House of Representatives and the Senate on the dates hereon set forth.

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**Chief Clerk**

FILED

**Secretary of State  
State of Washington**

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**SUBSTITUTE HOUSE BILL 1141**

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Passed Legislature - 2013 Regular Session

**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  
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9 subject in all respects to chapter 43.88 RCW, but no appropriation is  
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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.

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