

CERTIFICATION OF ENROLLMENT
ENGROSSED SUBSTITUTE HOUSE BILL 2289

61st Legislature
2009 Regular Session

Passed by the House April 21, 2009
Yeas 92 Nays 4

Speaker of the House of Representatives

Passed by the Senate April 17, 2009
Yeas 45 Nays 0

President of the Senate

Approved

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 **ENGROSSED SUBSTITUTE HOUSE BILL 2289** as passed by the House of Representatives and the Senate on the dates hereon set forth.

Chief Clerk

FILED

**Secretary of State
State of Washington**

ENGROSSED SUBSTITUTE HOUSE BILL 2289

AS AMENDED BY THE SENATE

Passed Legislature - 2009 Regular Session

State of Washington 61st Legislature 2009 Regular Session

By House Capital Budget (originally sponsored by Representative McCoy)

READ FIRST TIME 03/02/09.

1 AN ACT Relating to expanding the energy freedom program; amending
2 RCW 43.325.010, 43.325.020, 43.325.030, 43.325.040, 43.325.070, and
3 43.84.092; reenacting and amending RCW 43.84.092; creating a new
4 section; providing an effective date; providing expiration dates; and
5 declaring an emergency.

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

7 NEW SECTION. **Sec. 1.** The legislature intends to modify the energy
8 freedom program and account in order to receive federal funds and other
9 sources of funding. Also, the legislature intends to expand the
10 mission of the energy freedom program to accelerate energy efficiency
11 improvements, renewable energy improvements, and deployment of
12 innovative energy technologies. Additionally, the legislature intends
13 to support, through the energy freedom program, research,
14 demonstration, and commercialization of energy efficiency improvements,
15 renewable energy improvements, and innovation energy technologies.

16 **Sec. 2.** RCW 43.325.010 and 2007 c 348 s 301 are each amended to
17 read as follows:

1 The definitions in this section apply throughout this chapter
2 unless the context clearly requires otherwise.

3 (1) "Applicant" means the state and any political subdivision of
4 the state, including port districts, counties, cities, towns, special
5 purpose districts, and other municipal corporations or quasi-municipal
6 corporations. "Applicant" may also include federally recognized tribes
7 ((and)), state institutions of higher education with appropriate
8 research capabilities, any organization described in section 501(c)(3)
9 of the internal revenue code, and private entities that are eligible to
10 receive federal funds.

11 (2) "Alternative fuel" means all products or energy sources used to
12 propel motor vehicles, other than conventional gasoline, diesel, or
13 reformulated gasoline. "Alternative fuel" includes, but is not limited
14 to, cellulose, liquefied petroleum gas, liquefied natural gas,
15 compressed natural gas, biofuels, biodiesel fuel, E85 motor fuel, fuels
16 containing seventy percent or more by volume of alcohol fuel, fuels
17 that are derived from biomass, hydrogen fuel, anhydrous ammonia fuel,
18 nonhazardous motor fuel, or electricity, excluding onboard electric
19 generation.

20 (3) "Assistance" includes loans, leases, product purchases, or
21 other forms of financial or technical assistance.

22 (4) "Biofuel" includes, but is not limited to, biodiesel, ethanol,
23 and ethanol blend fuels and renewable liquid natural gas or liquid
24 compressed natural gas made from biogas.

25 (5) "Biogas" includes waste gases derived from landfills and
26 wastewater treatment plants and dairy and farm wastes.

27 (6) "Cellulose" means lignocellulosic, hemicellulosic, or other
28 cellulosic matter that is available on a renewable or recurring basis,
29 including dedicated energy crops and trees, wood and wood residues,
30 plants, grasses, agricultural residues, fibers, animal wastes and other
31 waste materials, and municipal solid waste.

32 (7) "Coordinator" means the person appointed by the director of the
33 department of community, trade, and economic development.

34 (8) "Department" means the department of community, trade, and
35 economic development.

36 (9) "Director" means the director of the department of community,
37 trade, and economic development.

1 (10) "Energy efficiency improvement" means an installation or
2 modification that is designed to reduce energy consumption. The term
3 includes, but is not limited to: Insulation; storm windows and doors;
4 automatic energy control systems; energy efficiency audits; heating,
5 ventilating, or air conditioning and distribution system modifications
6 or replacements in buildings or central plants; caulking and weather
7 stripping; energy recovery systems; geothermal heat pumps; and day
8 lighting systems.

9 (11) "Green highway zone" means an area in the state designated by
10 the department that is within reasonable proximity of state route
11 number 5, state route number 90, and state route number 82.

12 (~~(11)~~) (12) "Innovative energy technology" means, but is not
13 limited to, the following: Smart grid or smart metering; biogas from
14 landfills, wastewater treatment plants, anaerobic digesters, or other
15 processes; wave or tidal power; fuel cells; high efficiency
16 cogeneration; and energy storage systems.

17 (13) "Peer review committee" means a board, appointed by the
18 director, that includes bioenergy specialists, energy conservation
19 specialists, scientists, and individuals with specific recognized
20 expertise.

21 (~~(12)~~) (14) "Project" (~~(means)~~) includes: (a) The construction
22 of facilities, including the purchase of equipment, to convert farm
23 products or wastes into electricity or gaseous or liquid fuels or other
24 coproducts associated with such conversion; (b) clean energy projects
25 identified by the clean energy leadership council, created in section
26 2, chapter . . . (Substitute Senate Bill No. 5921), Laws of 2009; and
27 (c) energy efficiency improvements, renewable energy improvements, or
28 innovative energy technologies. These specifically include fixed or
29 mobile facilities to generate electricity or methane from the anaerobic
30 digestion of organic matter, and fixed or mobile facilities for
31 extracting oils from canola, rape, mustard, and other oilseeds.
32 "Project" may also include the construction of facilities associated
33 with such conversion for the distribution and storage of such
34 feedstocks and fuels. The definition of project does not apply to
35 projects as described in RCW 43.325.020(5).

36 (15) "Renewable energy improvements" means a fixture, product,
37 system, device, or interacting group of devices that produces energy

1 from renewable resources. The term includes, but is not limited to:
2 Photovoltaic systems; solar thermal systems; small wind systems;
3 biomass systems; and geothermal systems.

4 ~~((+13))~~ (16) "Refueling project" means the construction of new
5 alternative fuel refueling facilities, as well as upgrades and
6 expansion of existing refueling facilities, that will enable these
7 facilities to offer alternative fuels to the public.

8 ~~((+14))~~ (17) "Research and development project" means research and
9 development, by an institution of higher education as defined in
10 subsection (1) of this section, relating to:

11 (a) Bioenergy sources including but not limited to biomass and
12 associated gases; or

13 (b) The development of markets for bioenergy coproducts.

14 **Sec. 3.** RCW 43.325.020 and 2007 c 348 s 302 are each amended to
15 read as follows:

16 (1) The energy freedom program is established within the
17 department. The director may establish policies and procedures
18 necessary for processing, reviewing, and approving applications made
19 under this chapter.

20 (2) When reviewing applications submitted under this program, the
21 director shall consult with those agencies and other public entities
22 having expertise and knowledge to assess the technical and business
23 feasibility of the project and probability of success. These agencies
24 may include, but are not limited to, Washington State University, the
25 University of Washington, the department of ecology, the department of
26 natural resources, the department of agriculture, the department of
27 general administration, local clean air authorities, ~~((and))~~ the
28 Washington state conservation commission, and the clean energy
29 leadership council created in section 2, chapter . . . (Substitute
30 Senate Bill No. 5921), Laws of 2009.

31 (3) Except as provided in subsections (4) and (5) of this section,
32 the director, in cooperation with the department of agriculture, may
33 approve an application only if the director finds:

34 (a) The project will convert farm products, wastes, cellulose, or
35 biogas directly into electricity or biofuel or other coproducts
36 associated with such conversion;

1 (b) The project demonstrates technical feasibility and directly
2 assists in moving a commercially viable project into the marketplace
3 for use by Washington state citizens;

4 (c) The facility will produce long-term economic benefits to the
5 state, a region of the state, or a particular community in the state;

6 (d) The project does not require continuing state support;

7 (e) The assistance will result in new jobs, job retention, or
8 higher incomes for citizens of the state;

9 (f) The state is provided an option under the assistance agreement
10 to purchase a portion of the fuel or feedstock to be produced by the
11 project, exercisable by the department of general administration;

12 (g) The project will increase energy independence or diversity for
13 the state;

14 (h) The project will use feedstocks produced in the state, if
15 feasible, except this criterion does not apply to the construction of
16 facilities used to distribute and store fuels that are produced from
17 farm products or wastes;

18 (i) Any product produced by the project will be suitable for its
19 intended use, will meet accepted national or state standards, and will
20 be stored and distributed in a safe and environmentally sound manner;

21 (j) The application provides for adequate reporting or disclosure
22 of financial and employment data to the director, and permits the
23 director to require an annual or other periodic audit of the project
24 books; and

25 (k) For research and development projects, the application has been
26 independently reviewed by a peer review committee as defined in RCW
27 43.325.010 and the findings delivered to the director.

28 (4) When reviewing an application for a refueling project, the
29 coordinator may award a grant or a loan to an applicant if the director
30 finds:

31 (a) The project will offer alternative fuels to the motoring
32 public;

33 (b) The project does not require continued state support;

34 (c) The project is located within a green highway zone as defined
35 in RCW 43.325.010;

36 (d) The project will contribute towards an efficient and adequately
37 spaced alternative fuel refueling network along the green highways
38 designated in RCW 47.17.020, 47.17.135, and 47.17.140; and

1 (e) The project will result in increased access to alternative
2 fueling infrastructure for the motoring public along the green highways
3 designated in RCW 47.17.020, 47.17.135, and 47.17.140.

4 (5) When reviewing an application for energy efficiency
5 improvements, renewable energy improvements, or innovative energy
6 technology, the director may award a grant or a loan to an applicant if
7 the director finds:

8 (a) The project or program will result in increased access for the
9 public, state and local governments, and businesses to energy
10 efficiency improvements, renewable energy improvements, or innovative
11 energy technologies;

12 (b) The project or program demonstrates technical feasibility and
13 directly assists in moving a commercially viable project into the
14 marketplace for use by Washington state citizens;

15 (c) The project or program does not require continued state
16 support; or

17 (d) The federal government has provided funds with a limited time
18 frame for use for energy independence and security, energy efficiency,
19 renewable energy, innovative energy technologies, or conservation.

20 (6)(a) The director may approve a project application for
21 assistance under subsection (3) of this section up to five million
22 dollars. In no circumstances shall this assistance constitute more
23 than fifty percent of the total project cost.

24 (b) The director may approve a refueling project application for a
25 grant or a loan under subsection (4) of this section up to fifty
26 thousand dollars. In no circumstances shall a grant or a loan award
27 constitute more than fifty percent of the total project cost.

28 ((+6+)) (7) The director shall enter into agreements with approved
29 applicants to fix the terms and rates of the assistance to minimize the
30 costs to the applicants, and to encourage establishment of a viable
31 bioenergy or biofuel industry, or a viable energy efficiency, renewable
32 energy, or innovative energy technology industry. The agreement shall
33 include provisions to protect the state's investment, including a
34 requirement that a successful applicant enter into contracts with any
35 partners that may be involved in the use of any assistance provided
36 under this program, including services, facilities, infrastructure, or
37 equipment. Contracts with any partners shall become part of the
38 application record.

1 (~~(7)~~) (8) The director may defer any payments for up to twenty-
2 four months or until the project starts to receive revenue from
3 operations, whichever is sooner.

4 **Sec. 4.** RCW 43.325.030 and 2007 c 348 s 205 are each amended to
5 read as follows:

6 The director of the department shall appoint a coordinator that is
7 responsible for:

8 (1) Managing, directing, inventorying, and coordinating state
9 efforts to promote, develop, and encourage (~~(a)~~) biofuel(~~(s)~~) and
10 energy efficiency, renewable energy, and innovative energy technology
11 markets in Washington;

12 (2) Developing, coordinating, and overseeing the implementation of
13 a plan, or series of plans, for the production, transport,
14 distribution, and delivery of biofuels produced predominantly from
15 recycled products or Washington feedstocks;

16 (3) Working with the departments of transportation and general
17 administration, and other applicable state and local governmental
18 entities and the private sector, to ensure the development of biofuel
19 fueling stations for use by state and local governmental motor vehicle
20 fleets, and to provide greater availability of public biofuel fueling
21 stations for use by state and local governmental motor vehicle fleets;

22 (4) Coordinating with the Western Washington University alternative
23 automobile program for opportunities to support new Washington state
24 technology for conversion of fossil fuel fleets to biofuel, hybrid, or
25 alternative fuel propulsion;

26 (5) Coordinating with the University of Washington's college of
27 forest management and the Olympic natural resources center for the
28 identification of barriers to using the state's forest resources for
29 fuel production, including the economic and transportation barriers of
30 physically bringing forest biomass to the market;

31 (6) Coordinating with the department of agriculture and Washington
32 State University for the identification of other barriers for future
33 biofuels development and development of strategies for furthering the
34 penetration of the Washington state fossil fuel market with Washington
35 produced biofuels, particularly among public entities.

1 **Sec. 5.** RCW 43.325.040 and 2007 c 348 s 305 are each amended to
2 read as follows:

3 (1) The energy freedom account is created in the state treasury.
4 All receipts from appropriations made to the account and any loan
5 payments of principal and interest derived from loans made under (~~this~~
6 ~~chapter~~) the energy freedom account must be deposited into the
7 account. Moneys in the account may be spent only after appropriation.
8 Expenditures from the account may be used only for financial assistance
9 for further funding for projects consistent with this chapter or
10 otherwise authorized by the legislature.

11 (2) The green energy incentive account is created in the state
12 treasury as a subaccount of the energy freedom account. All receipts
13 from appropriations made to the green energy incentive account shall be
14 deposited into the account, and may be spent only after appropriation.
15 Expenditures from the account may be used only for:

16 (a) Refueling projects awarded under this chapter;

17 (b) Pilot projects for plug-in hybrids, including grants provided
18 for the electrification program set forth in RCW 43.325.110; and

19 (c) Demonstration projects developed with state universities as
20 defined in RCW 28B.10.016 and local governments that result in the
21 design and building of a hydrogen vehicle fueling station.

22 (3)(a) The energy recovery act account is created in the state
23 treasury. State and federal funds may be deposited into the account
24 and any loan payments of principal and interest derived from loans made
25 from the energy recovery act account must be deposited into the
26 account. Moneys in the account may be spent only after appropriation.

27 (b) Expenditures from the account may be used only for loans, loan
28 guarantees, and grants that encourage the establishment of innovative
29 and sustainable industries for renewable energy and energy efficiency
30 technology, including but not limited to:

31 (i) Renewable energy projects or programs that require interim
32 financing to complete project development and implementation;

33 (ii) Companies with innovative, near-commercial or commercial,
34 clean energy technology; and

35 (iii) Energy efficiency technologies that have a viable repayment
36 stream from reduced utility costs.

37 (c) The director shall establish policies and procedures for
38 processing, reviewing, and approving applications for funding under

1 this section. When developing these policies and procedures, the
2 department must consider the clean energy leadership strategy developed
3 under section 2, chapter . . . (Substitute Senate Bill No. 5921), Laws
4 of 2009.

5 (d) The director shall enter into agreements with approved
6 applicants to fix the term and rates of funding provided from this
7 account.

8 (e) The policies and procedures of this subsection (3) do not apply
9 to assistance awarded for projects under RCW 43.325.020(3).

10 (4) Any state agency receiving funding from the energy freedom
11 account is prohibited from retaining greater than three percent of any
12 funding provided from the energy freedom account for administrative
13 overhead or other deductions not directly associated with conducting
14 the research, projects, or other end products that the funding is
15 designed to produce unless this provision is waived in writing by the
16 director.

17 ~~((+4))~~ (5) Any university, institute, or other entity that is not
18 a state agency receiving funding from the energy freedom account is
19 prohibited from retaining greater than fifteen percent of any funding
20 provided from the energy freedom account for administrative overhead or
21 other deductions not directly associated with conducting the research,
22 projects, or other end products that the funding is designed to
23 produce.

24 ~~((+5))~~ (6) Subsections (2) ~~((through))~~, (4) and (5) of this
25 section do not apply to assistance awarded for projects under RCW
26 43.325.020(3).

27 **Sec. 6.** RCW 43.325.070 and 2007 c 348 s 303 are each amended to
28 read as follows:

29 (1) If the total requested dollar amount of assistance awarded for
30 projects under RCW 43.325.020(3) exceeds the amount available in the
31 energy freedom account created in RCW 43.325.040, the applications must
32 be prioritized based upon the following criteria:

33 (a) The extent to which the project will help reduce dependence on
34 petroleum fuels and imported energy either directly or indirectly;

35 (b) The extent to which the project will reduce air and water
36 pollution either directly or indirectly;

1 (c) The extent to which the project will establish a viable
2 bioenergy or biofuel production capacity, energy efficiency, renewable
3 energy, or innovative energy technology industry in Washington;

4 (d) The benefits to Washington's agricultural producers;

5 (e) The benefits to the health of Washington's forests;

6 (f) The beneficial uses of biogas; (~~and~~))

7 (g) The number and quality of jobs and economic benefits created by
8 the project; and

9 (h) Other criteria as determined by the clean energy leadership
10 council created in section 2, chapter . . . (Substitute Senate Bill No.
11 5921), Laws of 2009.

12 (2) This section does not apply to grants or loans awarded for
13 refueling projects under RCW 43.325.020 (4) and (5).

14 **Sec. 7.** RCW 43.84.092 and 2008 c 106 s 3 are each amended to read
15 as 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 budget stabilization
12 account, the capitol building construction account, the Cedar River
13 channel construction and operation account, the Central Washington
14 University capital projects account, the charitable, educational, penal
15 and reformatory institutions account, the cleanup settlement account,
16 the Columbia river basin water supply development account, the common
17 school construction fund, the county criminal justice assistance
18 account, the county sales and use tax equalization account, the data
19 processing building construction account, the deferred compensation
20 administrative account, the deferred compensation principal account,
21 the department of retirement systems expense account, the developmental
22 disabilities community trust account, the drinking water assistance
23 account, the drinking water assistance administrative account, the
24 drinking water assistance repayment account, the Eastern Washington
25 University capital projects account, the education construction fund,
26 the education legacy trust account, the election account, the energy
27 freedom account, the energy recovery act account, The Evergreen State
28 College capital projects account, the federal forest revolving account,
29 the freight congestion relief account, the freight mobility investment
30 account, the freight mobility multimodal account, the health services
31 account, the public health services account, the health system capacity
32 account, the personal health services account, the state higher
33 education construction account, the higher education construction
34 account, the highway infrastructure account, the high occupancy toll
35 lanes operations account, the industrial insurance premium refund
36 account, the judges' retirement account, the judicial retirement
37 administrative account, the judicial retirement principal account, the
38 local leasehold excise tax account, the local real estate excise tax

1 account, the local sales and use tax account, the medical aid account,
2 the mobile home park relocation fund, the multimodal transportation
3 account, the municipal criminal justice assistance account, the
4 municipal sales and use tax equalization account, the natural resources
5 deposit account, the oyster reserve land account, the pension funding
6 stabilization account, the perpetual surveillance and maintenance
7 account, the public employees' retirement system plan 1 account, the
8 public employees' retirement system combined plan 2 and plan 3 account,
9 the public facilities construction loan revolving account beginning
10 July 1, 2004, the public health supplemental account, the public works
11 assistance account, the Puyallup tribal settlement account, the real
12 estate appraiser commission account, the regional mobility grant
13 program account, the resource management cost account, the rural
14 Washington loan fund, the site closure account, the small city pavement
15 and sidewalk account, the special wildlife account, the state
16 employees' insurance account, the state employees' insurance reserve
17 account, the state investment board expense account, the state
18 investment board commingled trust fund accounts, the supplemental
19 pension account, the Tacoma Narrows toll bridge account, the teachers'
20 retirement system plan 1 account, the teachers' retirement system
21 combined plan 2 and plan 3 account, the tobacco prevention and control
22 account, the tobacco settlement account, the transportation
23 infrastructure account, the transportation partnership account, the
24 traumatic brain injury account, the tuition recovery trust fund, the
25 University of Washington bond retirement fund, the University of
26 Washington building account, the volunteer firefighters' and reserve
27 officers' relief and pension principal fund, the volunteer
28 firefighters' and reserve officers' administrative fund, the Washington
29 fruit express account, the Washington judicial retirement system
30 account, the Washington law enforcement officers' and firefighters'
31 system plan 1 retirement account, the Washington law enforcement
32 officers' and firefighters' system plan 2 retirement account, the
33 Washington public safety employees' plan 2 retirement account, the
34 Washington school employees' retirement system combined plan 2 and 3
35 account, the Washington state health insurance pool account, the
36 Washington state patrol retirement account, the Washington State
37 University building account, the Washington State University bond
38 retirement fund, the water pollution control revolving fund, and the

1 Western Washington University capital projects account. Earnings
2 derived from investing balances of the agricultural permanent fund, the
3 normal school permanent fund, the permanent common school fund, the
4 scientific permanent fund, and the state university permanent fund
5 shall be allocated to their respective beneficiary accounts. All
6 earnings to be distributed under this subsection (4)(a) shall first be
7 reduced by the allocation to the state treasurer's service fund
8 pursuant to RCW 43.08.190.

9 (b) The following accounts and funds shall receive eighty percent
10 of their proportionate share of earnings based upon each account's or
11 fund's average daily balance for the period: The aeronautics account,
12 the aircraft search and rescue account, the county arterial
13 preservation account, the department of licensing services account, the
14 essential rail assistance account, the ferry bond retirement fund, the
15 grade crossing protective fund, the high capacity transportation
16 account, the highway bond retirement fund, the highway safety account,
17 the motor vehicle fund, the motorcycle safety education account, the
18 pilotage account, the public transportation systems account, the Puget
19 Sound capital construction account, the Puget Sound ferry operations
20 account, the recreational vehicle account, the rural arterial trust
21 account, the safety and education account, the special category C
22 account, the state patrol highway account, the transportation 2003
23 account (nickel account), the transportation equipment fund, the
24 transportation fund, the transportation improvement account, the
25 transportation improvement board bond retirement account, and the urban
26 arterial trust account.

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

30 **Sec. 8.** RCW 43.84.092 and 2008 c 128 s 19 and 2008 c 106 s 4 are
31 each reenacted and amended to read as follows:

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

35 (2) The treasury income account shall be utilized to pay or receive
36 funds associated with federal programs as required by the federal cash
37 management improvement act of 1990. The treasury income account is

1 subject in all respects to chapter 43.88 RCW, but no appropriation is
2 required for refunds or allocations of interest earnings required by
3 the cash management improvement act. Refunds of interest to the
4 federal treasury required under the cash management improvement act
5 fall under RCW 43.88.180 and shall not require appropriation. The
6 office of financial management shall determine the amounts due to or
7 from the federal government pursuant to the cash management improvement
8 act. The office of financial management may direct transfers of funds
9 between accounts as deemed necessary to implement the provisions of the
10 cash management improvement act, and this subsection. Refunds or
11 allocations shall occur prior to the distributions of earnings set
12 forth in subsection (4) of this section.

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

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

25 The following accounts and funds shall receive their proportionate
26 share of earnings based upon each account's and fund's average daily
27 balance for the period: The aeronautics account, the aircraft search
28 and rescue account, the budget stabilization account, the capitol
29 building construction account, the Cedar River channel construction and
30 operation account, the Central Washington University capital projects
31 account, the charitable, educational, penal and reformatory
32 institutions account, the cleanup settlement account, the Columbia
33 river basin water supply development account, the common school
34 construction fund, the county arterial preservation account, the county
35 criminal justice assistance account, the county sales and use tax
36 equalization account, the data processing building construction
37 account, the deferred compensation administrative account, the deferred
38 compensation principal account, the department of licensing services

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

1 account, the rural Washington loan fund, the safety and education
2 account, the site closure account, the small city pavement and sidewalk
3 account, the special category C account, the special wildlife account,
4 the state employees' insurance account, the state employees' insurance
5 reserve account, the state investment board expense account, the state
6 investment board commingled trust fund accounts, the state patrol
7 highway account, the supplemental pension account, the Tacoma Narrows
8 toll bridge account, the teachers' retirement system plan 1 account,
9 the teachers' retirement system combined plan 2 and plan 3 account, the
10 tobacco prevention and control account, the tobacco settlement account,
11 the transportation 2003 account (nickel account), the transportation
12 equipment fund, the transportation fund, the transportation improvement
13 account, the transportation improvement board bond retirement account,
14 the transportation infrastructure account, the transportation
15 partnership account, the traumatic brain injury account, the tuition
16 recovery trust fund, the University of Washington bond retirement fund,
17 the University of Washington building account, the urban arterial trust
18 account, the volunteer firefighters' and reserve officers' relief and
19 pension principal fund, the volunteer firefighters' and reserve
20 officers' administrative fund, the Washington fruit express account,
21 the Washington judicial retirement system account, the Washington law
22 enforcement officers' and firefighters' system plan 1 retirement
23 account, the Washington law enforcement officers' and firefighters'
24 system plan 2 retirement account, the Washington public safety
25 employees' plan 2 retirement account, the Washington school employees'
26 retirement system combined plan 2 and 3 account, the Washington state
27 health insurance pool account, the Washington state patrol retirement
28 account, the Washington State University building account, the
29 Washington State University bond retirement fund, the water pollution
30 control revolving fund, and the Western Washington University capital
31 projects account. Earnings derived from investing balances of the
32 agricultural permanent fund, the normal school permanent fund, the
33 permanent common school fund, the scientific permanent fund, and the
34 state university permanent fund shall be allocated to their respective
35 beneficiary accounts. All earnings to be distributed under this
36 subsection (4)(a) shall first be reduced by the allocation to the state
37 treasurer's service fund pursuant to RCW 43.08.190.

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

4 NEW SECTION. **Sec. 9.** Section 8 of this act takes effect July 1,
5 2009.

6 NEW SECTION. **Sec. 10.** (1) Sections 2, 3, 5, and 6 of this act
7 expire June 30, 2016.

8 (2) Section 7 of this act expires July 1, 2009.

9 NEW SECTION. **Sec. 11.** This act is necessary for the immediate
10 preservation of the public peace, health, or safety, or support of the
11 state government and its existing public institutions, and takes effect
12 immediately.

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