
SENATE BILL 5864

State of Washington

66th Legislature

2019 Regular Session

By Senators Hobbs, King, Mullet, Braun, Palumbo, and Saldaña

1 AN ACT Relating to financing local public works through the
2 creation of the Washington state infrastructure bank; amending RCW
3 43.84.180, 43.155.020, 43.155.060, 43.155.070, 43.155.090,
4 43.160.070, 82.16.020, 82.18.040, 82.45.060, and 90.71.370;
5 reenacting and amending RCW 43.155.050 and 43.84.092; and providing a
6 contingent effective date.

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

8 **Sec. 1.** RCW 43.155.050 and 2017 3rd sp.s. c 10 s 5 and 2017 3rd
9 sp.s. c 1 s 974 are each reenacted and amended to read as follows:

10 The ~~((public works assistance account))~~ Washington state
11 infrastructure bank is hereby established in the state treasury.
12 Money may be placed in the ~~((public works assistance account))~~
13 Washington state infrastructure bank from the proceeds of bonds when
14 authorized by the legislature or from any other lawful source. On and
15 after July 1, 2023, money in the ~~((public works assistance account~~
16 ~~shall))~~ bank may only be used to make loans and grants and to give
17 financial guarantees to local governments for public works projects.
18 Until July 1, 2023, moneys in the ~~((account))~~ bank may also be
19 appropriated or transferred to the water pollution control revolving
20 ~~((account-[fund]))~~ fund and the drinking water assistance account to
21 provide for state match requirements under federal law. Not more than

1 twenty percent of the biennial capital budget appropriation to the
2 public works board from this ((account)) bank may be expended or
3 obligated for preconstruction loans and grants, emergency loans and
4 grants, or loans and grants for capital facility planning under this
5 chapter. Not more than ten percent of the biennial capital budget
6 appropriation to the public works board from this ((account)) bank
7 may be expended or obligated as grants for preconstruction,
8 emergency, capital facility planning, and construction projects.
9 (~~During the 2015-2017 fiscal biennium, the legislature may transfer~~
10 ~~from the public works assistance account to the general fund, the~~
11 ~~water pollution control revolving account [fund], and the drinking~~
12 ~~water assistance account such amounts as reflect the excess fund~~
13 ~~balance of the account. During the 2015-2017 and 2017-2019 fiscal~~
14 ~~biennia, the legislature may appropriate moneys from the account for~~
15 ~~activities related to rural economic development, the growth~~
16 ~~management act, and the voluntary stewardship program. During the~~
17 ~~2015-2017 fiscal biennium, the legislature may transfer from the~~
18 ~~public works assistance account to the state general fund such~~
19 ~~amounts as specified by the legislature.)) During the 2017-2019~~
20 ~~fiscal biennium, the legislature may direct the state treasurer to~~
21 ~~make transfers of moneys in the public works assistance account to~~
22 ~~the education legacy trust account. ((It is the intent of the~~
23 ~~legislature that this policy will be continued in subsequent fiscal~~
24 ~~biennia.))~~

25 **Sec. 2.** RCW 43.84.092 and 2018 c 287 s 7, 2018 c 275 s 10, and
26 2018 c 203 s 14 are each reenacted and amended to read as follows:

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

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

1 management improvement act. The office of financial management may
2 direct transfers of funds between accounts as deemed necessary to
3 implement the provisions of the cash management improvement act, and
4 this subsection. Refunds or allocations shall occur prior to the
5 distributions of earnings set forth in subsection (4) of this
6 section.

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

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

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

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

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

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

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

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

19 **Sec. 3.** RCW 43.84.180 and 2016 sp.s. c 35 s 6021 are each
20 amended to read as follows:

21 The proportionate share of earnings based on the average daily
22 balance in the (~~public works assistance account~~) Washington state
23 infrastructure bank shall be placed in the public facilities
24 construction loan revolving fund(~~(, provided that during the~~
25 ~~2015-2017 biennium the public works assistance account must retain~~
26 ~~its own interest earnings and costs)~~).

27 **Sec. 4.** RCW 43.155.020 and 2017 3rd sp.s. c 10 s 2 are each
28 amended to read as follows:

29 The definitions in this section apply throughout this chapter
30 unless the context clearly requires otherwise.

31 (1) "Board" means the public works board created in RCW
32 43.155.030.

33 (2) "Capital facility plan" means a capital facility plan
34 required by the growth management act under chapter 36.70A RCW or,
35 for local governments not fully planning under the growth management
36 act, a plan required by the public works board.

37 (3) "Department" means the department of commerce.

1 (4) "Financing guarantees" means the pledge of money in the
2 (~~((public works assistance account))~~) Washington state infrastructure
3 bank, or money to be received by the (~~((public works assistance~~
4 ~~account))~~) Washington state infrastructure bank, to the repayment of
5 all or a portion of the principal of or interest on obligations
6 issued by local governments to finance public works projects.

7 (5) "Local governments" means cities, towns, counties, special
8 purpose districts, and any other municipal corporations or quasi-
9 municipal corporations in the state excluding school districts and
10 port districts.

11 (6) "Public works project" means a project of a local government
12 for the planning, acquisition, construction, repair, reconstruction,
13 replacement, rehabilitation, or improvement of streets and roads,
14 bridges, water systems, or storm and sanitary sewage systems, lead
15 remediation of drinking water systems, and solid waste facilities,
16 including recycling facilities. A planning project may include the
17 compilation of biological, hydrological, or other data on a county,
18 drainage basin, or region necessary to develop a base of information
19 for a capital facility plan.

20 (7) "Solid waste or recycling project" means remedial actions
21 necessary to bring abandoned or closed landfills into compliance with
22 regulatory requirements and the repair, restoration, and replacement
23 of existing solid waste transfer, recycling facilities, and landfill
24 projects limited to the opening of landfill cells that are in
25 existing and permitted landfills.

26 (8) "Technical assistance" means training and other services
27 provided to local governments to: (a) Help such local governments
28 plan, apply, and qualify for loans, grants, and financing guarantees
29 from the board, and (b) help local governments improve their ability
30 to plan for, finance, acquire, construct, repair, replace,
31 rehabilitate, and maintain public facilities.

32 (9) "Value planning" means a uniform approach to assist in
33 decision making through systematic evaluation of potential
34 alternatives to solving an identified problem.

35 **Sec. 5.** RCW 43.155.060 and 2017 3rd sp.s. c 10 s 6 are each
36 amended to read as follows:

37 (1) In order to aid the financing of public works projects, the
38 board may:

1 (a) Make loans or grants to local governments from the ((~~public~~
2 ~~works assistance account~~)) Washington state infrastructure bank or
3 other funds and accounts for the purpose of assisting local
4 governments in financing public works projects. Money received from
5 local governments in repayment of loans made under this section shall
6 be paid into the ((~~public works assistance account~~)) bank for uses
7 consistent with this chapter.

8 (b) Pledge money in the ((~~public works assistance account~~))
9 Washington state infrastructure bank, or money to be received by the
10 ((~~public works assistance account~~)) bank, to the repayment of all or
11 a portion of the principal of or interest on obligations issued by
12 local governments to finance public works projects. The board shall
13 not pledge any amount greater than the sum of money in the ((~~public~~
14 ~~works assistance account~~)) bank plus money to be received from the
15 payment of the debt service on loans made from ((~~that account~~)) the
16 bank, nor shall the board pledge the faith and credit or the taxing
17 power of the state or any agency or subdivision thereof to the
18 repayment of obligations issued by any local government.

19 (c) Create such subaccounts in the ((~~public works assistance~~
20 ~~account~~)) Washington state infrastructure bank as the board deems
21 necessary to carry out the purposes of this chapter.

22 (d) Provide a method for the allocation of loans, grants, and
23 financing guarantees and the provision of technical assistance under
24 this chapter.

25 (2) When establishing interest rates for loan programs authorized
26 in this chapter for projects which are supported by a rate base of at
27 least fifty thousand equivalent residential units, the board must
28 base interest rates on the average daily market interest rate for
29 tax-exempt municipal bonds as published in the bond buyer's index for
30 the period from sixty to thirty days before the start of the
31 application cycle.

32 (a) For projects with a repayment period between five and twenty
33 years, the rate must be fifty percent of the market rate.

34 (b) For projects with a repayment period under five years, the
35 rate must be twenty-five percent of the market rate.

36 (c) For any year in which the average daily market interest rate
37 for tax-exempt municipal bonds for the period from sixty to thirty
38 days before the start of an application cycle is nine percent or
39 greater, the board may cap interest rates at four percent for

1 projects with a repayment period between five and twenty years and at
2 two percent for projects with a repayment period under five years.

3 (d) The board may also provide reduced interest rates, extended
4 repayment periods, or grants for projects that meet financial
5 hardship criteria as measured by the affordability index or similar
6 standard measure of financial hardship. The board may provide reduced
7 interest rates, extended repayment periods, or grants for projects
8 that are supported by a rate base of less than fifty thousand
9 equivalent residential units.

10 (3) All local public works projects aided in whole or in part
11 under the provisions of this chapter shall be put out for competitive
12 bids, except for emergency public works under RCW 43.155.065 for
13 which the recipient jurisdiction shall comply with this requirement
14 to the extent feasible and practicable. The competitive bids called
15 for shall be administered in the same manner as all other public
16 works projects put out for competitive bidding by the local
17 governmental entity aided under this chapter.

18 **Sec. 6.** RCW 43.155.070 and 2017 3rd sp.s. c 10 s 9 are each
19 amended to read as follows:

20 (1) To qualify for financial assistance under this chapter the
21 board must determine that a local government meets all of the
22 following conditions:

23 (a) The city or county must be imposing a tax under chapter 82.46
24 RCW at a rate of at least one-quarter of one percent;

25 (b) The local government must have developed a capital facility
26 plan; and

27 (c) The local government must be using all local revenue sources
28 which are reasonably available for funding public works, taking into
29 consideration local employment and economic factors.

30 (2) Except where necessary to address a public health need or
31 substantial environmental degradation, a county, city, or town
32 planning under RCW 36.70A.040 may not receive financial assistance
33 under this chapter unless it has adopted a comprehensive plan,
34 including a capital facilities plan element, and development
35 regulations as required by RCW 36.70A.040. This subsection does not
36 require any county, city, or town planning under RCW 36.70A.040 to
37 adopt a comprehensive plan or development regulations before
38 requesting or receiving financial assistance under this chapter if
39 such request is made before the expiration of the time periods

1 specified in RCW 36.70A.040. A county, city, or town planning under
2 RCW 36.70A.040 that has not adopted a comprehensive plan and
3 development regulations within the time periods specified in RCW
4 36.70A.040 may apply for and receive financial assistance under this
5 chapter if the comprehensive plan and development regulations are
6 adopted as required by RCW 36.70A.040 before executing a contractual
7 agreement for financial assistance with the board.

8 (3) In considering awarding financial assistance for public
9 facilities to special districts requesting funding for a proposed
10 facility located in a county, city, or town planning under RCW
11 36.70A.040, the board must consider whether the county, city, or town
12 planning under RCW 36.70A.040 in whose planning jurisdiction the
13 proposed facility is located has adopted a comprehensive plan and
14 development regulations as required by RCW 36.70A.040.

15 (4)(a) The board must develop a process to prioritize
16 applications and funding of loans and grants for public works
17 projects submitted by local governments. The board must consider, at
18 a minimum and in any order, the following factors in prioritizing
19 projects:

20 (i) Whether the project is critical in nature and would affect
21 the health and safety of many people;

22 (ii) The extent to which the project leverages other funds;

23 (iii) The extent to which the project is ready to proceed to
24 construction;

25 (iv) Whether the project is located in an area of high
26 unemployment, compared to the average state unemployment;

27 (v) Whether the project promotes the sustainable use of resources
28 and environmental quality, as applicable;

29 (vi) Whether the project consolidates or regionalizes systems;

30 (vii) Whether the project encourages economic development through
31 mixed-use and mixed income development consistent with chapter 36.70A
32 RCW;

33 (viii) Whether the system is being well-managed in the present
34 and for long-term sustainability;

35 (ix) Achieving equitable distribution of funds by geography and
36 population;

37 (x) The extent to which the project meets the following state
38 policy objectives:

39 (A) Efficient use of state resources;

40 (B) Preservation and enhancement of health and safety;

1 (C) Abatement of pollution and protection of the environment;
2 (D) Creation of new, family-wage jobs, and avoidance of shifting
3 existing jobs from one Washington state community to another;
4 (E) Fostering economic development consistent with chapter 36.70A
5 RCW;
6 (F) Efficiency in delivery of goods and services and
7 transportation; and
8 (G) Reduction of the overall cost of public infrastructure;
9 (xi) Whether the applicant sought or is seeking funding for the
10 project from other sources; and
11 (xii) Other criteria that the board considers necessary to
12 achieve the purposes of this chapter.
13 (b) Before September 1, 2018, and each year thereafter, the board
14 must develop and submit a report regarding the construction loans and
15 grants to the office of financial management and appropriate fiscal
16 committees of the senate and house of representatives. The report
17 must include:
18 (i) The total number of applications and amount of funding
19 requested for public works projects;
20 (ii) A list and description of projects approved in the preceding
21 fiscal year with project scores against the board's prioritization
22 criteria;
23 (iii) The total amount of loan and grants disbursements made from
24 the ~~((public works assistance account))~~ Washington state
25 infrastructure bank in the preceding fiscal year;
26 (iv) The total amount of loan repayments in the preceding fiscal
27 year for outstanding loans from the ~~((public works assistance~~
28 ~~account))~~ Washington state infrastructure bank;
29 (v) The total amount of loan repayments due for outstanding loans
30 for each fiscal year over the following ten-year period; and
31 (vi) The total amount of funds obligated and timing of when the
32 funds were obligated in the preceding fiscal year.
33 (c) The maximum amount of funding that the board may provide for
34 any jurisdiction is ten million dollars per biennium.
35 (5) Existing debt or financial obligations of local governments
36 may not be refinanced under this chapter. Each local government
37 applicant must provide documentation of attempts to secure additional
38 local or other sources of funding for each public works project for
39 which financial assistance is sought under this chapter.

1 (6) Before September 1st of each year, the board must develop and
2 submit to the appropriate fiscal committees of the senate and house
3 of representatives a description of the loans and grants made under
4 RCW 43.155.065 and 43.155.068.

5 (7) The board may not sign contracts or otherwise financially
6 obligate funds from the ((~~public works assistance account~~))
7 Washington state infrastructure bank before the legislature has
8 appropriated funds to the board for the purpose of funding public
9 works projects under this chapter.

10 (8) To qualify for loans, grants, or pledges for solid waste or
11 recycling facilities under this chapter, a city or county must
12 demonstrate that the solid waste or recycling facility is consistent
13 with and necessary to implement the comprehensive solid waste
14 management plan adopted by the city or county under chapter 70.95
15 RCW.

16 (9) After January 1, 2010, any project designed to address the
17 effects of stormwater or wastewater on Puget Sound may be funded
18 under this section only if the project is not in conflict with the
19 action agenda developed by the Puget Sound partnership under RCW
20 90.71.310.

21 (10) For projects involving repair, replacement, or improvement
22 of a wastewater treatment plant or other public works facility for
23 which an investment grade efficiency audit is reasonably obtainable,
24 the public works board must require as a contract condition that the
25 project sponsor undertake an investment grade efficiency audit. The
26 project sponsor may finance the costs of the audit as part of its
27 ((~~public works assistance account~~)) Washington state infrastructure
28 bank program loan or grant.

29 (11) The board must implement policies and procedures designed to
30 maximize local government consideration of other funds to finance
31 local infrastructure.

32 **Sec. 7.** RCW 43.155.090 and 1987 c 19 s 6 are each amended to
33 read as follows:

34 Loans from the ((~~public works assistance account~~)) Washington
35 state infrastructure bank under this chapter shall be made by loan
36 agreement under chapter 39.69 RCW.

37 **Sec. 8.** RCW 43.160.070 and 2008 c 327 s 6 are each amended to
38 read as follows:

Public facilities financial assistance, when authorized by the board, is subject to the following conditions:

(1) The moneys in the public facilities construction loan revolving account shall be used solely to fulfill commitments arising from financial assistance authorized in this chapter. The total outstanding amount which the board shall dispense at any time pursuant to this section shall not exceed the moneys available from the account.

(2) On contracts made for public facilities loans the board shall determine the interest rate which loans shall bear. The interest rate shall not exceed ten percent per annum. The board may provide reasonable terms and conditions for repayment for loans, including partial forgiveness of loan principal and interest payments on projects located in rural communities as defined by the board, or rural counties. The loans shall not exceed twenty years in duration.

(3) Repayments of loans made from the public facilities construction loan revolving account under the contracts for public facilities construction loans shall be paid into the public facilities construction loan revolving account. Repayments of loans from moneys from the new appropriation from the public works assistance account for the fiscal biennium ending June 30, 1999, shall be paid into the (~~public works assistance account~~) Washington state infrastructure bank.

(4) When every feasible effort has been made to provide loans and loans are not possible, the board may provide grants upon finding that unique circumstances exist.

Sec. 9. RCW 82.16.020 and 2017 3rd sp.s. c 10 s 14 are each amended to read as follows:

(1) There is levied and collected from every person a tax for the act or privilege of engaging within this state in any one or more of the businesses herein mentioned. The tax is equal to the gross income of the business, multiplied by the rate set out after the business, as follows:

(a) Express, sewerage collection, and telegraph businesses: Three and six-tenths percent;

(b) Light and power business: Three and sixty-two one-hundredths percent;

(c) Gas distribution business: Three and six-tenths percent;

(d) Urban transportation business: Six-tenths of one percent;

(e) Vessels under sixty-five feet in length, except tugboats, operating upon the waters within the state: Six-tenths of one percent;

(f) Motor transportation, railroad, railroad car, and tugboat businesses, and all public service businesses other than ones mentioned above: One and eight-tenths of one percent;

(g) Water distribution business: Four and seven-tenths percent;

(h) Log transportation business: One and twenty-eight one-hundredths percent. The reduced rate established in this subsection (1)(h) is not subject to the ten-year expiration provision in RCW 82.32.805(1)(a).

(2) An additional tax is imposed equal to the rate specified in RCW 82.02.030 multiplied by the tax payable under subsection (1) of this section.

(3) Twenty percent of the moneys collected under subsection (1) of this section on water distribution businesses and sixty percent of the moneys collected under subsection (1) of this section on sewerage collection businesses must be deposited in the education legacy trust account created in RCW 83.100.230 from July 1, 2013, through June 30, 2023, and thereafter in the ~~((public works assistance account))~~ Washington state infrastructure bank created in RCW 43.155.050. On and after July 1, 2023, all moneys collected under this section must be deposited in the Washington state infrastructure bank.

Sec. 10. RCW 82.18.040 and 2017 3rd sp.s. c 10 s 15 are each amended to read as follows:

(1) Taxes collected under this chapter must be held in trust until paid to the state. Except as otherwise provided in this subsection (1), taxes received by the state must be deposited in the ~~((public works assistance account))~~ Washington state infrastructure bank created in RCW 43.155.050. ~~((For the period beginning July 1, 2011, and ending June 30, 2015, taxes received by the state under this chapter must be deposited in the general fund for general purpose expenditures.))~~ For fiscal years 2016, 2017, and 2018, one-half of the taxes received by the state under this chapter must be deposited in the general fund for general purpose expenditures and the remainder deposited in the education legacy trust account created in RCW 83.100.230. For fiscal years 2019 through 2023, taxes received by the state under this chapter must be deposited in the education legacy trust account created in RCW 83.100.230. On and after July 1,

1 2023, all taxes received by the state under this chapter must be
2 deposited in the Washington state infrastructure bank. Any person
3 collecting the tax who appropriates or converts the tax collected is
4 guilty of a gross misdemeanor if the money required to be collected
5 is not available for payment on the date payment is due. If a
6 taxpayer fails to pay the tax imposed by this chapter to the person
7 charged with collection of the tax and the person charged with
8 collection fails to pay the tax to the department, the department
9 may, in its discretion, proceed directly against the taxpayer for
10 collection of the tax.

11 (2) The tax is due from the taxpayer within twenty-five days from
12 the date the taxpayer is billed by the person collecting the tax.

13 (3) The tax is due from the person collecting the tax at the end
14 of the tax period in which the tax is received from the taxpayer. If
15 the taxpayer remits only a portion of the total amount billed for
16 taxes, consideration, and related charges, the amount remitted must
17 be applied first to payment of the solid waste collection tax and
18 this tax has priority over all other claims to the amount remitted.

19 **Sec. 11.** RCW 82.45.060 and 2017 3rd sp.s. c 10 s 13 are each
20 amended to read as follows:

21 There is imposed an excise tax upon each sale of real property at
22 the rate of one and twenty-eight one-hundredths percent of the
23 selling price. Beginning July 1, 2013, and ending June 30, 2023, an
24 amount equal to two percent of the proceeds of this tax must be
25 deposited in the ((~~public works assistance account~~)) Washington state
26 infrastructure bank created in RCW 43.155.050, and an amount equal to
27 four and one-tenth percent must be deposited in the education legacy
28 trust account created in RCW 83.100.230. Thereafter, an amount equal
29 to six and one-tenth percent of the proceeds of this tax to the state
30 treasurer must be deposited in the ((~~public works assistance~~
31 ~~account~~)) Washington state infrastructure bank created in RCW
32 43.155.050. Except as otherwise provided in this section, an amount
33 equal to one and six-tenths percent of the proceeds of this tax to
34 the state treasurer must be deposited in the city-county assistance
35 account created in RCW 43.08.290.

36 **Sec. 12.** RCW 90.71.370 and 2011 1st sp.s. c 50 s 977 are each
37 amended to read as follows:

1 (1) By December 1, 2008, and by September 1st of each even-
2 numbered year beginning in 2010, the council shall provide to the
3 governor and the appropriate fiscal committees of the senate and
4 house of representatives its recommendations for the funding
5 necessary to implement the action agenda in the succeeding biennium.
6 The recommendations shall:

7 (a) Identify the funding needed by action agenda element;

8 (b) Address funding responsibilities among local, state, and
9 federal governments, as well as nongovernmental funding; and

10 (c) Address funding needed to support the work of the
11 partnership, the panel, the ecosystem work group, and entities
12 assisting in coordinating local efforts to implement the plan.

13 (2) In the 2008 report required under subsection (1) of this
14 section, the council shall include recommendations for projected
15 funding needed through 2020 to implement the action agenda; funding
16 needs for science panel staff; identify methods to secure stable and
17 sufficient funding to meet these needs; and include proposals for new
18 sources of funding to be dedicated to Puget Sound protection and
19 recovery. In preparing the science panel staffing proposal, the
20 council shall consult with the panel.

21 (3) By November 1st of each odd-numbered year beginning in 2009,
22 the council shall produce a state of the Sound report that includes,
23 at a minimum:

24 (a) An assessment of progress by state and nonstate entities in
25 implementing the action agenda, including accomplishments in the use
26 of state funds for action agenda implementation;

27 (b) A description of actions by implementing entities that are
28 inconsistent with the action agenda and steps taken to remedy the
29 inconsistency;

30 (c) The comments by the panel on progress in implementing the
31 plan, as well as findings arising from the assessment and monitoring
32 program;

33 (d) A review of citizen concerns provided to the partnership and
34 the disposition of those concerns;

35 (e) A review of the expenditures of funds to state agencies for
36 the implementation of programs affecting the protection and recovery
37 of Puget Sound, and an assessment of whether the use of the funds is
38 consistent with the action agenda; and

39 (f) An identification of all funds provided to the partnership,
40 and recommendations as to how future state expenditures for all

1 entities, including the partnership, could better match the
2 priorities of the action agenda.

3 (4)(a) The council shall review state programs that fund
4 facilities and activities that may contribute to action agenda
5 implementation. By November 1, 2009, the council shall provide
6 initial recommendations regarding program changes to the governor and
7 appropriate fiscal and policy committees of the senate and house of
8 representatives. By November 1, 2010, the council shall provide final
9 recommendations regarding program changes, including proposed
10 legislation to implement the recommendation, to the governor and
11 appropriate fiscal and policy committees of the senate and house of
12 representatives.

13 (b) The review in this subsection shall be conducted with the
14 active assistance and collaboration of the agencies administering
15 these programs, and in consultation with local governments and other
16 entities receiving funding from these programs:

17 (i) Water pollution control facilities financing, chapter 70.146
18 RCW;

19 (ii) The water pollution control revolving fund, chapter 90.50A
20 RCW;

21 (iii) The ~~((public works assistance account))~~ Washington state
22 infrastructure bank, chapter 43.155 RCW;

23 (iv) The aquatic lands enhancement account, RCW 79.105.150;

24 (v) The state toxics control account and local toxics control
25 account and clean-up program, chapter 70.105D RCW;

26 (vi) The acquisition of habitat conservation and outdoor
27 recreation land, chapter 79A.15 RCW;

28 (vii) The salmon recovery funding board, RCW 77.85.110 through
29 77.85.150;

30 (viii) The community economic revitalization board, chapter
31 43.160 RCW;

32 (ix) Other state financial assistance to water quality-related
33 projects and activities; and

34 (x) Water quality financial assistance from federal programs
35 administered through state programs or provided directly to local
36 governments in the Puget Sound basin.

37 (c) The council's review shall include but not be limited to:

38 (i) Determining the level of funding and types of projects and
39 activities funded through the programs that contribute to
40 implementation of the action agenda;

1 (ii) Evaluating the procedures and criteria in each program for
2 determining which projects and activities to fund, and their
3 relationship to the goals and priorities of the action agenda;

4 (iii) Assessing methods for ensuring that the goals and
5 priorities of the action agenda are given priority when program
6 funding decisions are made regarding water quality-related projects
7 and activities in the Puget Sound basin and habitat-related projects
8 and activities in the Puget Sound basin;

9 (iv) Modifying funding criteria so that projects, programs, and
10 activities that are inconsistent with the action agenda are
11 ineligible for funding;

12 (v) Assessing ways to incorporate a strategic funding approach
13 for the action agenda within the outcome-focused performance measures
14 required by RCW 43.41.270 in administering natural resource-related
15 and environmentally based grant and loan programs.

16 ~~((5) During the 2009-2011 fiscal biennium, the council's review
17 must result in a ranking of projects affecting the protection and
18 recovery of the Puget Sound basin that are proposed in the governor's
19 capital budget submitted under RCW 43.88.060. The ranking shall
20 include recommendations for reallocation of total requested funds for
21 Puget Sound basin projects to achieve the greatest positive outcomes
22 for protection and recovery of Puget Sound and shall be submitted to
23 the appropriate fiscal committees of the legislature no later than
24 February 1, 2011.~~

25 ~~(6) During the 2011-2013 fiscal biennium, the council shall by
26 November 1, 2012, produce the state of the Sound report as defined in
27 subsection (3) of this section.))~~

28 NEW SECTION. **Sec. 13.** This act takes effect January 1, 2020, if
29 the proposed amendment to Article VIII of the state Constitution
30 creating the Washington state infrastructure bank is validly
31 submitted to and is approved and ratified by the voters at the next
32 general election. If the proposed amendment is not approved and
33 ratified, this act is void in its entirety.

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