

Proposed Substitute House Bill 2711 (H-3614.4)

By Representative Fey

Original Bill:

- Aggregates and distributes fuel taxes received attributable to inflation in the same manner as other fuel tax increases made in 2025.
- Modifies the use tax base for the use tax component of the luxury vehicle tax, the luxury aircraft tax, and the recreational vessel tax such that the value of any trade-in may not be deducted from the measure of tax.
- Delays the program to reimburse registered tow truck operators for the costs of towing indigent persons' vehicles to July 1, 2027.
- Discontinues the clean alternative fuel vehicle report requirement for tax for tax exemptions for which the qualification period has ended.
- Clarifies that the amount of the tire fee proceeds that may be retained by the retailer is 25 cents per tire.

Substitute Bill Compared to Original Bill:

- Repeals the luxury aircraft tax.
- Modifies the application of the rental car tax within the context of peer-to-peer platforms to clarify that such platforms may not allow vehicles to be listed on their platform or application until the vehicle owner certifies whether they have a resale certificate or are otherwise exempt from retail sales and use taxes.
- Repeals the provisions that prohibit the Transportation Commission from exempting transit buses from tolls on tolled bridges.
- Waives penalties and interest that would otherwise accrue on unpaid taxes related to efforts by motor vehicle dealers to comply with the luxury vehicle tax prior to receipt of guidance from the Department of Revenue on the implementation of the tax.
- Allows the luxury vehicle tax, in the case of a vehicle lease, to be paid incrementally along with the lease payments.
- Exempts from the luxury vehicle tax sales to, or the use by, enrolled tribal members and nonresidents, similar to the exemptions under the retail sales and use tax.
- Changes the timing of the statutory transfer of funds between the Public Works Assistance Account and the Move Ahead WA Account, such that the transfers do not need to be made quarterly.
- Establishes the Preserve Washington Account in the Motor Vehicle Fund as an appropriated account to be used only for highway preservation and maintenance purposes.

Committee: House Transportation Committee

Staff: Jennifer Harris (786-7143)
Office of Program Research

BILL REQUEST - CODE REVISER'S OFFICE

BILL REQ. #: H-3614.4/26 4th draft

ATTY/TYPIST: AI:jcm

BRIEF DESCRIPTION: Concerning transportation resources.

1 AN ACT Relating to transportation resources; amending RCW
2 82.38.030, 82.08.817, 82.12.818, 82.08.9999, and 70A.205.405;
3 amending 2025 c 417 s 1406 (uncodified); reenacting and amending RCW
4 46.68.090, 82.08.020, 82.12.020, 43.155.050, 43.84.092, 43.84.092,
5 43.84.092, 43.84.092, 43.84.092, and 43.84.092; adding a new section
6 chapter 82.32 RCW; adding a new section to chapter 46.68 RCW;
7 repealing RCW 82.48A.010, 82.48A.020, 82.48A.030, and 82.48A.040;
8 repealing 2025 c 417 ss 501 and 502; providing effective dates;
9 providing a contingent effective date; providing expiration dates;
10 providing contingent expiration dates; and declaring an emergency.

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

12 **PART I: MOTOR VEHICLE FUEL TAX**

13 **Sec. 101.** RCW 82.38.030 and 2025 c 417 s 101 are each amended to
14 read as follows:

15 (1) There is levied and imposed upon fuel licensees a tax at the
16 rate of 23 cents per gallon of fuel.

17 (2) Beginning July 1, 2003, an additional and cumulative tax rate
18 of five cents per gallon of fuel is imposed on fuel licensees. This
19 subsection (2) expires when the bonds issued for transportation 2003
20 projects are retired.

1 (3) Beginning July 1, 2005, an additional and cumulative tax rate
2 of three cents per gallon of fuel is imposed on fuel licensees.

3 (4) Beginning July 1, 2006, an additional and cumulative tax rate
4 of three cents per gallon of fuel is imposed on fuel licensees.

5 (5) Beginning July 1, 2007, an additional and cumulative tax rate
6 of two cents per gallon of fuel is imposed on fuel licensees.

7 (6) Beginning July 1, 2008, an additional and cumulative tax rate
8 of one and one-half cents per gallon of fuel is imposed on fuel
9 licensees.

10 (7) Beginning August 1, 2015, an additional and cumulative tax
11 rate of seven cents per gallon of fuel is imposed on fuel licensees.

12 (8) Beginning July 1, 2016, an additional and cumulative tax rate
13 of four and nine-tenths cents per gallon of fuel is imposed on fuel
14 licensees.

15 (9) Beginning July 1, 2025, an additional and cumulative tax rate
16 of six cents per gallon of fuel is imposed on fuel licensees.

17 (10) Beginning July 1, 2025, an additional and cumulative tax
18 rate of three cents per gallon of special fuel is imposed on fuel
19 licensees.

20 (11) Beginning July 1, 2027, an additional and cumulative tax
21 rate of three cents per gallon of special fuel is imposed on fuel
22 licensees.

23 (12) ~~((a)) Beginning July 1, 2026, ((the fuel tax rates imposed
24 under subsections (1) through (9) of this section must be increased
25 annually by two percent and the resulting fuel tax rate must be
26 rounded to the nearest one-thousandth of \$1.~~

27 ~~(b))~~ an additional and cumulative tax rate per gallon of fuel is
28 imposed on fuel licensees. The tax rate imposed under this subsection
29 is calculated each July 1st by:

30 (a) Increasing by two percent the sum of:

31 (i) The fuel tax rates imposed under subsections (1) through (9)
32 of this section as of the current July 1st; and

33 (ii) The fuel tax rate imposed under this subsection (12) for the
34 prior 12 months;

35 (b) Subtracting the sum of the fuel tax rates imposed under
36 subsections (1) through (9) of this section as of the current July
37 1st; and

38 (c) Rounding the result to the nearest one-thousandth of \$1.

39 (13) Beginning July 1, 2028, ~~((the fuel tax rate imposed under
40 subsections (10) and (11) of this section must be increased annually~~

1 ~~by two percent and the resulting fuel tax rate must be rounded to the~~
2 ~~nearest one-thousandth of \$1.~~

3 ~~(13))~~ an additional and cumulative tax rate per gallon of
4 special fuel is imposed on fuel licensees. The tax rate imposed under
5 this subsection is calculated each July 1st by:

6 (a) Increasing by two percent the sum of:

7 (i) The fuel tax rates imposed under subsections (1) through (11)
8 of this section as of the current July 1st; and

9 (ii) The fuel tax rates imposed, for the prior 12 months, under
10 both subsection (12) of this section and this subsection (13);

11 (b) Subtracting the sum of the fuel tax rates imposed under
12 subsections (1) through (12) of this section as of the current July
13 1st; and

14 (c) Rounding the result to the nearest one-thousandth of \$1.

15 (14) Taxes are imposed when:

16 (a) Fuel is removed in this state from a terminal if the fuel is
17 removed at the rack unless the removal is by a licensed supplier or
18 distributor for direct delivery to a destination outside of the
19 state, or the removal is by a fuel supplier for direct delivery to an
20 international fuel tax agreement licensee under RCW 82.38.320;

21 (b) Fuel is removed in this state from a refinery if either of
22 the following applies:

23 (i) The removal is by bulk transfer and the refiner or the owner
24 of the fuel immediately before the removal is not a licensed
25 supplier; or

26 (ii) The removal is at the refinery rack unless the removal is to
27 a licensed supplier or distributor for direct delivery to a
28 destination outside of the state, or the removal is to a licensed
29 supplier for direct delivery to an international fuel tax agreement
30 licensee under RCW 82.38.320;

31 (c) Fuel enters into this state for sale, consumption, use, or
32 storage, unless the fuel enters this state for direct delivery to an
33 international fuel tax agreement licensee under RCW 82.38.320, if
34 either of the following applies:

35 (i) The entry is by bulk transfer and the importer is not a
36 licensed supplier; or

37 (ii) The entry is not by bulk transfer;

38 (d) Fuel enters this state by means outside the bulk transfer-
39 terminal system and is delivered directly to a licensed terminal
40 unless the owner is a licensed distributor or supplier;

1 (e) Fuel is sold or removed in this state to an unlicensed entity
2 unless there was a prior taxable removal, entry, or sale of the fuel;

3 (f) Blended fuel is removed or sold in this state by the blender
4 of the fuel. The number of gallons of blended fuel subject to tax is
5 the difference between the total number of gallons of blended fuel
6 removed or sold and the number of gallons of previously taxed fuel
7 used to produce the blended fuel;

8 (g) Dyed special fuel is used on a highway, as authorized by the
9 internal revenue code, unless the use is exempt from the fuel tax;

10 (h) Dyed special fuel is held for sale, sold, used, or is
11 intended to be used in violation of this chapter;

12 (i) Special fuel purchased by an international fuel tax agreement
13 licensee under RCW 82.38.320 is used on a highway; and

14 (j) Fuel is sold by a licensed fuel supplier to a fuel
15 distributor or fuel blender and the fuel is not removed from the bulk
16 transfer-terminal system.

17 **Sec. 102.** RCW 46.68.090 and 2025 c 417 s 103 and 2025 c 416 s
18 706 are each reenacted and amended to read as follows:

19 (1) All moneys that have accrued or may accrue to the motor
20 vehicle fund from the fuel tax must be first expended for purposes
21 enumerated in (a) and (b) of this subsection. The remaining net tax
22 amount must be distributed monthly by the state treasurer in
23 accordance with subsections (2) through (9) of this section.

24 (a) For payment of refunds of fuel tax that has been paid and is
25 refundable as provided by law;

26 (b) For payment of amounts to be expended pursuant to
27 appropriations for the administrative expenses of the offices of
28 state treasurer, state auditor, and the department of licensing of
29 the state of Washington in the administration of the fuel tax, which
30 sums must be distributed monthly.

31 (2) All of the remaining net tax amount collected under RCW
32 82.38.030(1) must be distributed as set forth in (a) through (j) of
33 this subsection.

34 (a) For distribution to the motor vehicle fund an amount equal to
35 44.387 percent to be expended for highway purposes of the state as
36 defined in RCW 46.68.130;

37 (b)(i) For distribution to the special category C account, hereby
38 created in the motor vehicle fund, an amount equal to 3.2609 percent
39 to be expended for special category C projects. Special category C

1 projects are category C projects that, due to high cost only, will
2 require bond financing to complete construction.

3 (ii) The following criteria, listed in order of priority, must be
4 used in determining which special category C projects have the
5 highest priority:

6 (A) Accident experience;

7 (B) Fatal accident experience;

8 (C) Capacity to move people and goods safely and at reasonable
9 speeds without undue congestion; and

10 (D) Continuity of development of the highway transportation
11 network.

12 (iii) Moneys deposited in the special category C account in the
13 motor vehicle fund may be used for payment of debt service on bonds
14 the proceeds of which are used to finance special category C projects
15 under this subsection (2) (b);

16 (c) For distribution to the Puget Sound ferry operations account
17 in the motor vehicle fund an amount equal to 2.3283 percent;

18 (d) For distribution to the Puget Sound capital construction
19 account in the motor vehicle fund an amount equal to 2.3726 percent;

20 (e) For distribution to the transportation improvement account in
21 the motor vehicle fund an amount equal to 7.5597 percent;

22 (f) For distribution to the transportation improvement account in
23 the motor vehicle fund an amount equal to 5.6739 percent and expended
24 in accordance with RCW 47.26.086;

25 (g) For distribution to the cities and towns from the motor
26 vehicle fund an amount equal to 10.6961 percent in accordance with
27 RCW 46.68.110;

28 (h) For distribution to the counties from the motor vehicle fund
29 an amount equal to 19.2287 percent: (i) Out of which there must be
30 distributed from time to time, as directed by the department of
31 transportation, those sums as may be necessary to carry out the
32 provisions of RCW 47.56.725; and (ii) less any amounts appropriated
33 to the county road administration board to implement the provisions
34 of RCW 47.56.725(4), with the balance of such county share to be
35 distributed monthly as the same accrues for distribution in
36 accordance with RCW 46.68.120;

37 (i) For distribution to the county arterial preservation account,
38 hereby created in the motor vehicle fund an amount equal to 1.9565
39 percent. These funds must be distributed by the county road
40 administration board to counties in proportions corresponding to the

1 number of paved arterial lane miles in the unincorporated area of
2 each county and must be used for improvements to sustain the
3 structural, safety, and operational integrity of county arterials.
4 The county road administration board must adopt reasonable rules and
5 develop policies to implement this program and to assure that a
6 pavement management system is used. During the 2025-2027 fiscal
7 biennium, the county arterial preservation account may also be used
8 for staffing-related expenses of the board, contracting costs, and
9 grants associated with bridge ratings;

10 (j) For distribution to the rural arterial trust account in the
11 motor vehicle fund an amount equal to 2.5363 percent and expended in
12 accordance with RCW 36.79.020.

13 (3) The remaining net tax amount collected under RCW 82.38.030(2)
14 must be distributed to the transportation 2003 account (nickel
15 account).

16 (4) The remaining net tax amount collected under RCW 82.38.030(3)
17 must be distributed as follows:

18 (a) 8.3333 percent must be distributed to the incorporated cities
19 and towns of the state in accordance with RCW 46.68.110;

20 (b) 8.3333 percent must be distributed to counties of the state
21 in accordance with RCW 46.68.120; and

22 (c) The remainder must be distributed to the transportation
23 partnership account created in RCW 46.68.290.

24 (5) The remaining net tax amount collected under RCW 82.38.030(4)
25 must be distributed as follows:

26 (a) 8.3333 percent must be distributed to the incorporated cities
27 and towns of the state in accordance with RCW 46.68.110;

28 (b) 8.3333 percent must be distributed to counties of the state
29 in accordance with RCW 46.68.120; and

30 (c) The remainder must be distributed to the transportation
31 partnership account created in RCW 46.68.290.

32 (6) The remaining net tax amount collected under RCW 82.38.030
33 (5) and (6) must be distributed to the transportation partnership
34 account created in RCW 46.68.290.

35 (7) The remaining net tax amount collected under RCW 82.38.030
36 (7) and (8) must be distributed to the connecting Washington account
37 created in RCW 46.68.395.

38 (8) The remaining net tax amount collected under RCW 82.38.030
39 (9) through ~~((+12+))~~ (13) must be distributed as follows:

1 (a) Two and one-half percent must be distributed to the
2 incorporated cities and towns of the state in accordance with RCW
3 46.68.110;

4 (b) Two and one-half percent must be distributed to counties of
5 the state in accordance with RCW 46.68.120; and

6 (c) The remainder must be distributed to the motor vehicle fund
7 created in RCW 46.68.070.

8 (9) Nothing in this section or in RCW 46.68.130 may be construed
9 so as to violate any terms or conditions contained in any highway
10 construction bond issues now or hereafter authorized by statute and
11 whose payment is by such statute pledged to be paid from any excise
12 taxes on fuel.

13 **PART II: RECREATIONAL VESSEL, PEER-TO-PEER, AND LUXURY VEHICLE SALES**
14 **TAXES**

15 **Recreational Vessel and Peer-to-Peer Sales Taxes**

16 **Sec. 201.** RCW 82.08.020 and 2025 c 418 s 3 and 2025 c 417 s 201
17 are each reenacted and amended to read as follows:

18 (1) There is levied and collected a tax equal to six and five-
19 tenths percent of the selling price on each retail sale in this state
20 of:

21 (a) Tangible personal property, unless the sale is specifically
22 excluded from the RCW 82.04.050 definition of retail sale;

23 (b) Digital goods, digital codes, and digital automated services,
24 if the sale is included within the RCW 82.04.050 definition of retail
25 sale;

26 (c) Services, other than digital automated services, included
27 within the RCW 82.04.050 definition of retail sale;

28 (d) Extended warranties to consumers; and

29 (e) Anything else, the sale of which is included within the RCW
30 82.04.050 definition of retail sale.

31 (2)(a) There is levied and collected an additional tax on each
32 retail car rental, regardless of whether the vehicle is licensed in
33 this state, equal to:

34 (i) Eleven and nine-tenths percent of the selling price from
35 January 1, 2026, through December 31, 2026; and

36 (ii)(A) Nine and nine-tenths percent of the selling price
37 beginning January 1, 2027.

1 (B) The revenue collected under ~~((a)–(f))~~ this subsection (2)(a)
2 must be deposited in the multimodal transportation account created in
3 RCW 47.66.070.

4 (b)(i) Beginning January 1, 2027, there is levied and collected
5 an additional tax on peer-to-peer car sharing transactions equal to
6 the selling price multiplied by the rate of tax imposed under (a) of
7 this subsection. This subsection (2)(b) applies only to peer-to-peer
8 car sharing transactions where the vehicle owner obtained the shared
9 vehicle as a vehicle for resale using a reseller permit or an
10 approved exemption certificate under RCW 82.04.470. The revenue
11 collected under this subsection (2)(b) must be deposited in the
12 multimodal transportation account created in RCW 47.66.070.

13 (ii) A peer-to-peer car sharing program may not allow a vehicle
14 to be placed on a digital network or software application of the
15 peer-to-peer car sharing program for the purpose of making the
16 vehicle available for sharing through the peer-to-peer car sharing
17 program unless the peer-to-peer car sharing program receives an
18 electronic certification from the shared vehicle owner as to whether
19 the shared vehicle owner obtained the shared vehicle as a vehicle for
20 resale using a reseller permit or an approved exemption certificate
21 under RCW 82.04.470. The peer-to-peer car sharing program must
22 maintain a record of such certification for a period of no less than
23 five years.

24 (iii) A peer-to-peer car sharing program may rely in good faith
25 on the shared vehicle owner's certification as to whether the shared
26 vehicle owner obtained the shared vehicle as a vehicle for resale
27 using a reseller permit or an approved exemption certificate under
28 RCW 82.04.470. Such good faith reliance on the shared vehicle owner's
29 certification does not subject the peer-to-peer car sharing program
30 to any tax liability, or penalties or interest, that may be imposed
31 on the shared vehicle owner.

32 (3) For purposes of this ~~((subsection (2)(b)))~~ section, "peer-to-
33 peer car sharing" has the same meaning as in RCW 46.74A.010. "Peer-
34 to-peer car sharing" does not mean:

35 ~~((A))~~ (a) "Retail car rental" as defined in RCW 82.08.011; or

36 ~~((B))~~ (b) "Rental car" as defined in RCW 46.04.465 or
37 48.115.005.

38 ~~((3))~~ (4) There is levied and collected an additional tax of
39 five-tenths of one percent of the selling price on each retail sale
40 of a motor vehicle in this state, other than retail car rentals and

1 peer-to-peer car sharing transactions taxed under subsection (2) of
2 this section. The revenue collected under this subsection must be
3 deposited in the multimodal transportation account created in RCW
4 47.66.070.

5 ~~((4))~~ (5)(a) Beginning July 1, 2026, in addition to taxes
6 required under this chapter and chapters 82.12 and 82.49 RCW, there
7 is levied and collected an additional tax of five-tenths of one
8 percent on the selling price, plus trade-in property of like kind,
9 for purchased recreational vessels.

10 (b) In the case of a lease requiring periodic payments, the tax
11 is imposed on the ~~((fair market))~~ value of the recreational vessel at
12 the inception of the lease.

13 (c) The revenue collected under this subsection must be deposited
14 in the multimodal transportation account created in RCW 47.66.070.

15 (d) For purposes of this subsection ~~((, "recreational"))~~ (5), the
16 following definitions apply:

17 (i) "Fair market value" has the same meaning as "value of the
18 article used" in RCW 82.12.010.

19 (ii) "Recreational vessel" means a vessel as defined in RCW
20 88.02.310 that is subject to watercraft excise tax under chapter
21 82.49 RCW.

22 (iii) "Value of the recreational vessel" means the fair market
23 value of the recreational vessel plus the value of trade-in property
24 of like kind.

25 ~~((5))~~ (6) For purposes of subsection ~~((3))~~ (4) of this
26 section, "motor vehicle" has the meaning provided in RCW 46.04.320,
27 but does not include:

28 (a) Farm tractors or farm vehicles as defined in RCW 46.04.180
29 and 46.04.181, unless the farm tractor or farm vehicle is for use in
30 the production of cannabis;

31 (b) Off-road vehicles as defined in RCW 46.04.365;

32 (c) Nonhighway vehicles as defined in RCW 46.09.310; and

33 (d) Snowmobiles as defined in RCW 46.04.546.

34 ~~((6))~~ (7) Beginning on December 8, 2005, 0.16 percent of the
35 taxes collected under subsection (1) of this section must be
36 dedicated to funding comprehensive performance audits required under
37 RCW 43.09.470. The revenue identified in this subsection must be
38 deposited in the performance audits of government account created in
39 RCW 43.09.475.

1 ~~((7))~~ (8) Beginning July 1, 2027, the portion of taxes
2 collected by the state under subsection (1) of this section equal to
3 0.1 percent of the selling price on each retail sale in this state
4 must be deposited in the multimodal transportation account created in
5 RCW 47.66.070.

6 ~~((8))~~ (9) The taxes imposed under this chapter apply to
7 successive retail sales of the same property.

8 ~~((9))~~ (10) The rates provided in this section apply to taxes
9 imposed under chapter 82.12 RCW as provided in RCW 82.12.020.

10 **Sec. 202.** RCW 82.12.020 and 2025 c 418 s 4 and 2025 c 417 s 202
11 are each reenacted and amended to read as follows:

12 (1) There is levied and collected from every person in this state
13 a tax or excise for the privilege of using within this state as a
14 consumer any:

15 (a) Article of tangible personal property acquired by the user in
16 any manner, including tangible personal property acquired at a casual
17 or isolated sale, and including by-products used by the manufacturer
18 thereof, except as otherwise provided in this chapter, irrespective
19 of whether the article or similar articles are manufactured or are
20 available for purchase within this state;

21 (b) Prewritten computer software, regardless of the method of
22 delivery, but excluding prewritten computer software that is either
23 provided free of charge or is provided for temporary use in viewing
24 information, or both;

25 (c) Services defined as a retail sale in RCW 82.04.050 (2) (a) or
26 (g) or (6) ~~((e))~~ (b), excluding services defined as a retail sale in
27 RCW 82.04.050 (6) ~~((e))~~ (b) that are provided free of charge;

28 (d) Extended warranty; or

29 (e) (i) Digital good, digital code, or digital automated service,
30 including the use of any services provided by a seller exclusively in
31 connection with digital goods, digital codes, or digital automated
32 services, whether or not a separate charge is made for such services.

33 (ii) With respect to the use of digital goods, digital automated
34 services, and digital codes acquired by purchase, the tax imposed in
35 this subsection (1) (e) applies in respect to:

36 (A) Sales in which the seller has granted the purchaser the right
37 of permanent use;

38 (B) Sales in which the seller has granted the purchaser a right
39 of use that is less than permanent;

1 (C) Sales in which the purchaser is not obligated to make
2 continued payment as a condition of the sale; and

3 (D) Sales in which the purchaser is obligated to make continued
4 payment as a condition of the sale.

5 (iii) With respect to digital goods, digital automated services,
6 and digital codes acquired other than by purchase, the tax imposed in
7 this subsection (1)(e) applies regardless of whether or not the
8 consumer has a right of permanent use or is obligated to make
9 continued payment as a condition of use.

10 (2) The provisions of this chapter do not apply in respect to the
11 use of any article of tangible personal property, extended warranty,
12 digital good, digital code, digital automated service, or service
13 taxable under RCW 82.04.050 (2) (a) or (g) or (6) ~~((e))~~ (b), if the
14 sale to, or the use by, the present user or the present user's bailor
15 or donor has already been subjected to the tax under chapter 82.08
16 RCW or this chapter and the tax has been paid by the present user or
17 by the present user's bailor or donor.

18 (3)(a) Except as provided in this section, payment of the tax
19 imposed by this chapter or chapter 82.08 RCW by one purchaser or user
20 of tangible personal property, extended warranty, digital good,
21 digital code, digital automated service, or other service does not
22 have the effect of exempting any other purchaser or user of the same
23 property, extended warranty, digital good, digital code, digital
24 automated service, or other service from the taxes imposed by such
25 chapters.

26 (b) The tax imposed by this chapter does not apply:

27 (i) If the sale to, or the use by, the present user or his or her
28 bailor or donor has already been subjected to the tax under chapter
29 82.08 RCW or this chapter and the tax has been paid by the present
30 user or by his or her bailor or donor;

31 (ii) In respect to the use of any article of tangible personal
32 property acquired by bailment and the tax has once been paid based on
33 reasonable rental as determined by RCW 82.12.060 measured by the
34 value of the article at time of first use multiplied by the tax rate
35 imposed by chapter 82.08 RCW or this chapter as of the time of first
36 use;

37 (iii) In respect to the use of any article of tangible personal
38 property acquired by bailment, if the property was acquired by a
39 previous bailee from the same bailor for use in the same general
40 activity and the original bailment was prior to June 9, 1961; or

1 (iv) To the use of digital goods or digital automated services,
2 which were obtained through the use of a digital code, if the sale of
3 the digital code to, or the use of the digital code by, the present
4 user or the present user's bailor or donor has already been subjected
5 to the tax under chapter 82.08 RCW or this chapter and the tax has
6 been paid by the present user or by the present user's bailor or
7 donor.

8 (4) (a) Except as provided in (b) of this subsection (4) and in
9 subsection (7)(a) of this section, the tax is levied and must be
10 collected in an amount equal to the value of the article used, value
11 of the digital good or digital code used, value of the extended
12 warranty used, or value of the service used by the taxpayer,
13 multiplied by the applicable rates in effect for the retail sales tax
14 under RCW 82.08.020.

15 (b) In the case of a seller required to collect use tax from the
16 purchaser, the tax must be collected in an amount equal to the
17 purchase price multiplied by the applicable rate in effect for the
18 retail sales tax under RCW 82.08.020.

19 (5) Beginning July 1, 2027, the portion of taxes collected by the
20 state under subsection (1) of this section equal to 0.1 percent of
21 the value of the article used, value of the digital good or digital
22 code used, value of the extended warranty used, or value of the
23 service used by the taxpayer, must be deposited in the multimodal
24 transportation account created in RCW 47.66.070.

25 (6) For purposes of the tax imposed in this section, "person"
26 includes anyone within the definition of "buyer," "purchaser," and
27 "consumer" in RCW 82.08.010.

28 (7) (a) Beginning July 1, 2026, the tax imposed in this section at
29 the rate provided in RCW 82.08.020(~~((+4))~~) (5) applies to the use of a
30 recreational vessel at the time that it is first used in this state
31 by the consumer. The tax must be collected in an amount equal to the
32 sum of the selling price and the value of trade-in property of like
33 kind, multiplied by the applicable rate in effect for the retail
34 sales tax under RCW 82.08.020(5).

35 (b) The revenue collected under this subsection must be deposited
36 in the multimodal transportation account created in RCW 47.66.070.

37 (c) For purposes of this subsection, "recreational vessel" means
38 a vessel as defined in RCW 88.02.310 that is subject to watercraft
39 excise tax under chapter 82.49 RCW.

Motor Vehicle Luxury Tax

Sec. 203. RCW 82.08.817 and 2025 c 417 s 203 are each amended to read as follows:

(1)(a) Except as provided in subsection (3) of this section, in addition to the taxes imposed under RCW 82.08.020, there is levied and collected an additional tax of eight percent on the sale of a motor vehicle if:

(i) The selling price of the motor vehicle plus trade-in property of like kind for purchased vehicles exceeds \$100,000; or

(ii) In the case of a lease requiring periodic payments, the ((fair market)) value of the motor vehicle exceeds \$100,000 at the inception of the lease.

(b) The additional tax imposed in this subsection (1):

(i) Is equal to the portion of the selling price plus trade-in property of like kind for purchased vehicles in excess of the deduction amount specified in subsection (2) of this section, multiplied by eight percent; or

(ii) In the case of a lease requiring periodic payments, is the ((fair market)) value of the motor vehicle in excess of the deduction amount specified in subsection (2) of this ((subsection)) section, at the inception of the lease, multiplied by eight percent, and may be remitted in equal periodic payments over the term of the lease.

(2) The deduction amount is \$100,000 for fiscal year 2026. The deduction amount must be annually adjusted on July 1st of each year by increasing the amount by two percent and rounding the result to the nearest whole dollar.

(3)(a) The taxes imposed under this section do not apply to the sale or lease of:

((a)) (i) A commercial motor vehicle, as defined in RCW 46.25.010; or

((b)) (ii) A motor vehicle that has a gross vehicle weight rating of greater than 10,000 pounds other than motor homes, as defined in RCW 46.04.305.

(b) The exemptions available for the sale of motor vehicles under RCW 82.08.0317 and 82.08.0264 also apply to the tax under this section.

(4) The revenue collected under this section must be deposited in the multimodal transportation account created in RCW 47.66.070.

1 (5) For the purposes of this section and RCW 82.12.818, the
2 following definitions apply:

3 (a) "Fair market value" has the same meaning as "value of the
4 article used" in RCW 82.12.010.

5 (b) "Motor vehicle" has the same meaning as in RCW 46.04.320, but
6 does not include:

7 (i) Farm tractors or farm vehicles as defined in RCW 46.04.180
8 and 46.04.181, unless the farm tractor or farm vehicle is for use in
9 the production of cannabis;

10 (ii) Off-road vehicles as defined in RCW 46.04.365;

11 (iii) Nonhighway vehicles as defined in RCW 46.09.310; and

12 (iv) Snowmobiles as defined in RCW 46.04.546.

13 ~~((b))~~ (c) "Value of the motor vehicle" means the fair market
14 value of the motor vehicle ~~((. In the case of a leased motor vehicle~~
15 ~~in which the consumer is required to make periodic lease payments,~~
16 ~~"value of the motor vehicle" means the fair market value of the motor~~
17 ~~vehicle at the inception of the lease)) plus the value of trade-in
18 property of like kind.~~

19 **Sec. 204.** RCW 82.12.818 and 2025 c 417 s 204 are each amended to
20 read as follows:

21 (1) Except as provided in subsection (3) of this section, in
22 addition to the tax imposed under RCW 82.12.020, there is levied and
23 collected from every person in this state a tax for the privilege of
24 using within this state as a consumer any motor vehicle if the value
25 of the motor vehicle exceeds \$100,000.

26 (2)(a) Except as provided in (b) of this subsection, the tax is
27 levied and must be collected in an amount equal to the value of the
28 motor vehicle that exceeds the deduction amount specified in (c) of
29 this subsection, multiplied by eight percent.

30 (b) In the case of a seller required to collect use tax under
31 this section from the purchaser, the tax must be collected in an
32 amount equal to ~~((the amount of the purchase price that exceeds))~~
33 eight percent of the remainder that results when the amount specified
34 in (c) of this subsection~~((, multiplied by eight percent))~~ is
35 deducted from the sum of the selling price and the value of trade-in
36 property of like kind.

37 (c) The deduction amount is \$100,000 for fiscal year 2026. The
38 deduction amount must be annually adjusted on July 1st of each year

1 by increasing the amount by two percent and rounding the result to
2 the nearest whole dollar.

3 (3) The taxes imposed under this section do not apply to the use
4 of:

5 (a) A commercial motor vehicle, as defined in RCW 46.25.010; or

6 (b) A motor vehicle that has a gross vehicle weight rating of
7 greater than 10,000 pounds other than motor homes, as defined in RCW
8 46.04.305.

9 (4) The revenue collected under this section must be deposited in
10 the multimodal transportation account created in RCW 47.66.070.

11 (5) For the purposes of this section, "value of the motor
12 vehicle" means the same as in RCW 82.08.817.

13 NEW SECTION. Sec. 205. A new section is added to chapter 82.32
14 RCW to read as follows:

15 (1) Except as otherwise provided in subsections (2) through (4)
16 of this section, the department shall waive penalties and interest
17 otherwise due under this chapter if all of the following conditions
18 are met:

19 (a) (i) The penalties and interest are imposed with respect to
20 additional motor vehicle taxes imposed under RCW 82.12.818 and
21 82.08.817; and (ii) the tax liability is directly attributable to a
22 failure to collect additional motor vehicle taxes as provided in
23 sections 203 and 204, chapter 417, Laws of 2025 for tax reporting
24 periods through June 30, 2026;

25 (b) The taxpayer files with the department any amended or
26 outstanding returns covering tax liabilities with respect to which a
27 penalty and interest waiver under this section is requested;

28 (c) The taxpayer remits full payment to the department of the
29 balance due on all tax liabilities for which a penalty and interest
30 waiver under this section is requested or enters into a payment
31 agreement with the department as provided in RCW 82.32.080 for such
32 liabilities;

33 (d) The taxpayer has timely filed returns and remitted payment on
34 all taxes due for a period of 24 months immediately preceding the
35 period covered by the return for which the waiver is being requested;
36 and

37 (e) The taxpayer must never have had an evasion penalty assessed
38 against the taxpayer by the department under RCW 82.32.090 or a

1 penalty assessed against the taxpayer by the department under RCW
2 82.32.291 for misusing a reseller permit or resale certificate.

3 (2) (a) The taxpayer must submit a completed application for a
4 penalty and interest waiver under this section in a form and manner
5 prescribed by the department.

6 (b) Applications for a penalty and interest waiver under this
7 section must be submitted to the department on or before September
8 30, 2027.

9 (3) All tax liability reported and paid as required in subsection
10 (1) of this section is subject to verification by the department as
11 provided in RCW 82.32.050. This section does not preclude the
12 assessment of taxes, penalties, and interest with respect to any
13 amounts determined by the department to have been underpaid for any
14 tax period for which the taxpayer previously received penalty relief
15 under this section.

16 (4) This section does not apply to tax liabilities associated
17 with additional motor vehicle taxes imposed under RCW 82.12.818 and
18 82.08.817 for tax reporting periods beginning on or after July 1,
19 2027.

20 (5) This section expires January 1, 2029.

21 **Alternative Fuel Vehicle Tax Exemption Reporting**

22 **Sec. 206.** RCW 82.08.9999 and 2022 c 182 s 305 are each amended
23 to read as follows:

24 (1) Beginning August 1, 2019, with sales made or lease agreements
25 signed on or after the qualification period start date:

26 (a) The tax levied by RCW 82.08.020 does not apply as provided in
27 (b) of this subsection to sales or leases of new or used passenger
28 cars, light duty trucks, and medium duty passenger vehicles that:

29 (i) Are exclusively powered by a clean alternative fuel; or

30 (ii) Use at least one method of propulsion that is capable of
31 being reenergized by an external source of electricity and are
32 capable of traveling at least 30 miles using only battery power; and

33 (iii) (A) Have a vehicle selling price plus trade-in property of
34 like kind for purchased vehicles that:

35 (I) For a vehicle that is a new vehicle at the time of the
36 purchase date or the date the lease agreement was signed, does not
37 exceed \$45,000; or

1 (II) For a vehicle that is a used vehicle at the time of the
2 purchase date or the date the lease agreement was signed, does not
3 exceed \$30,000; or

4 (B) Have a fair market value at the inception of the lease for
5 leased vehicles that:

6 (I) For a vehicle that is a new vehicle at the time of the
7 purchase date or the date the lease agreement was signed, does not
8 exceed \$45,000; or

9 (II) For a vehicle that is a used vehicle at the time of the
10 purchase date or the date the lease agreement was signed, does not
11 exceed \$30,000;

12 (b) (i) The exemption in this section is applicable for up to the
13 amounts specified in (b) (ii) or (iii) of this subsection of:

14 (A) The total amount of the vehicle's selling price, for sales
15 made; or

16 (B) The total lease payments made plus any additional selling
17 price of the leased vehicle if the original lessee purchases the
18 leased vehicle before the qualification period end date, for lease
19 agreements signed.

20 (ii) Based on the purchase date or the date the lease agreement
21 was signed of the vehicle if the vehicle is a new vehicle at the time
22 of the purchase date or the date the lease agreement was signed:

23 (A) From the qualification period start date until July 31, 2021,
24 the maximum amount eligible under (b) (i) of this subsection is
25 \$25,000;

26 (B) From August 1, 2021, until July 31, 2023, the maximum amount
27 eligible under (b) (i) of this subsection is \$20,000;

28 (C) From August 1, 2023, until July 31, 2025, the maximum amount
29 eligible under (b) (i) of this subsection is \$15,000.

30 (iii) If the vehicle is a used vehicle at the time of the
31 purchase date or the date the lease agreement was signed, the maximum
32 amount eligible under (b) (i) of this subsection is \$16,000.

33 (2) The seller must keep records necessary for the department to
34 verify eligibility under this section. A person claiming the
35 exemption must also submit itemized information to the department for
36 all vehicles for which an exemption is claimed that must include the
37 following: Vehicle make; vehicle model; model year; whether the
38 vehicle has been sold or leased; date of sale or start date of lease;
39 length of lease; sales price for purchased vehicles and fair market
40 value at the inception of the lease for leased vehicles; and the

1 total amount qualifying for the incentive claimed for each vehicle,
2 in addition to the future monthly amount to be claimed for each
3 leased vehicle. This information must be provided in a form and
4 manner prescribed by the department.

5 (3) (a) The department of licensing must maintain and publish a
6 list of all vehicle models qualifying for the tax exemptions under
7 this section or RCW 82.12.9999 until the expiration date of this
8 section, and is authorized to issue final rulings on vehicle model
9 qualification for these criteria. A seller is not responsible for
10 repayment of the tax exemption under this section and RCW 82.12.9999
11 for a vehicle if the department of licensing's published list of
12 qualifying vehicle models on the purchase date or the date the lease
13 agreement was signed includes the vehicle model and the department of
14 licensing subsequently removes the vehicle model from the published
15 list, and, if applicable, the vehicle meets the qualifying criterion
16 under subsection (1) (a) (iii) (B) of this section and RCW
17 82.12.9999(1) (a) (iii) (B).

18 (b) The department of revenue retains responsibility for
19 determining whether a vehicle meets the applicable qualifying
20 criterion under subsection (1) (a) (iii) (B) of this section and RCW
21 82.12.9999(1) (a) (iii) (B).

22 (4) By the last day of October 2019, and every six months
23 thereafter until (~~(this section expires)~~) October 31, 2025, based on
24 the best available data, the department must report the following
25 information to the transportation committees of the legislature: The
26 cumulative number of vehicles that qualified for the exemption under
27 this section and RCW 82.12.9999 by month of purchase or lease start
28 and vehicle make and model; the dollar amount of all state retail
29 sales and use taxes exempted on or after the qualification period
30 start date, under this section and RCW 82.12.9999; and estimates of
31 the future costs of leased vehicles that qualified for the exemption
32 under this section and RCW 82.12.9999.

33 (5) The definitions in this subsection apply throughout this
34 section unless the context clearly requires otherwise.

35 (a) "Clean alternative fuel" means natural gas, propane,
36 hydrogen, or electricity, when used as a fuel in a motor vehicle that
37 meets the California motor vehicle emission standards in Title 13 of
38 the California Code of Regulations, effective January 1, 2019, and
39 the rules of the Washington state department of ecology.

1 (b) "Fair market value" has the same meaning as "value of the
2 article used" in RCW 82.12.010.

3 (c) "New vehicle" has the same meaning as "new motor vehicle" in
4 RCW 46.04.358.

5 (d) "Qualification period end date" means August 1, 2025.

6 (e) "Qualification period start date" means August 1, 2019.

7 (f) "Used vehicle" has the same meaning as in RCW 46.04.660.

8 (6)(a) Sales of vehicles delivered to the buyer or leased
9 vehicles for which the lease agreement was signed after the
10 qualification period end date do not qualify for the exemption under
11 this section.

12 (b) All leased vehicles that qualified for the exemption under
13 this section before the qualification period end date must continue
14 to receive the exemption as described under subsection (1)(b) of this
15 section on any lease payments due through the remainder of the lease
16 before August 1, 2028.

17 (7) This section expires August 1, 2028.

18 (8) This section is supported by the revenues generated in RCW
19 46.17.324, and therefore takes effect only if RCW 46.17.324 is
20 enacted by June 30, 2019.

21 **PART III: MISCELLANEOUS**

22 **Tow Truck Impounds**

23 **Sec. 301.** 2025 c 417 s 1406 (uncodified) is amended to read as
24 follows:

25 Sections 1307 through 1309 of this act take effect (~~February 1,~~
26 ~~2026~~) July 1, 2027.

27 **Tire Disposal Fee**

28 **Sec. 302.** RCW 70A.205.405 and 2025 c 417 s 301 are each amended
29 to read as follows:

30 (1) There is levied a \$5 per tire fee on the retail sale of new
31 replacement vehicle tires. The fee imposed in this section must be
32 paid by the buyer to the seller, and each seller shall collect from
33 the buyer the full amount of the fee. The fee collected from the
34 buyer by the seller less the (~~ten percent~~) amount retained by the
35 seller as provided in RCW 70A.205.430(1) must be paid to the
36 department of revenue in accordance with RCW 82.32.045.

1 (2) The department of revenue shall incorporate into the agency's
2 regular audit cycle a reconciliation of the number of tires sold and
3 the amount of revenue collected by the businesses selling new
4 replacement vehicle tires at retail. The department of revenue shall
5 collect on the business excise tax return from the businesses selling
6 new replacement vehicle tires at retail:

7 (a) The number of tires sold; and

8 (b) The fee levied in this section.

9 (3) All other applicable provisions of chapter 82.32 RCW have
10 full force and application with respect to the fee imposed under this
11 section. The department of revenue shall administer this section.

12 (4) For the purposes of this section, "new replacement vehicle
13 tires" means tires that are newly manufactured for vehicle purposes
14 and does not include retreaded vehicle tires.

15 **Account Transfer Timing**

16 **Sec. 303.** RCW 43.155.050 and 2025 c 424 s 956 and 2025 c 418 s 2
17 are each reenacted and amended to read as follows:

18 (1) The public works assistance account is hereby established in
19 the state treasury. Money may be placed in the public works
20 assistance account from the proceeds of bonds when authorized by the
21 legislature or from any other lawful source. Money in the public
22 works assistance account shall be used to make loans and grants and
23 to give financial guarantees to local governments for public works
24 projects. Moneys in the account may also be appropriated or
25 transferred to the water pollution control revolving fund and the
26 drinking water assistance account to provide for state match
27 requirements under federal law. Moneys in the account may be
28 transferred to the move ahead WA account to provide support of public
29 works projects funded in the move ahead WA program. Not more than 20
30 percent of the biennial capital budget appropriation to the public
31 works board from this account may be expended or obligated for
32 preconstruction loans and grants, emergency loans and grants, or
33 loans and grants for capital facility planning under this chapter.
34 Not more than 10 percent of the biennial capital budget appropriation
35 to the public works board from this account may be expended or
36 obligated as grants for preconstruction, emergency, capital facility
37 planning, and construction projects. During the 2017-2019 and
38 2019-2021 fiscal biennia, the legislature may appropriate moneys from

1 the account for activities related to rural economic development, the
2 growth management act, the aviation revitalization loan program, the
3 community economic revitalization board broadband program, and the
4 voluntary stewardship program. During the 2021-2023 and 2023-2025
5 fiscal biennia, the legislature may appropriate moneys from the
6 account for activities related to the community aviation
7 revitalization board. During the 2019-2021 fiscal biennia, the
8 legislature may direct the state treasurer to make transfers of
9 moneys in the public works assistance account to the education legacy
10 trust account. During the 2019-2021 and 2021-2023 fiscal biennia, the
11 legislature may direct the state treasurer to make transfers of
12 moneys in the public works assistance account to the statewide
13 broadband account. The legislature may appropriate moneys from the
14 public works assistance account for activities related to the
15 voluntary stewardship program, rural economic development, and the
16 growth management act. During the 2021-2023 biennium, the legislature
17 may appropriate moneys from the account for projects identified in
18 section 1033, chapter 296, Laws of 2022. During the 2023-2025 fiscal
19 biennium, the legislature may appropriate moneys from the public
20 works assistance account for an evaluation of the costs of relocating
21 public utilities related to fish barrier removal projects. During the
22 2023-2025 fiscal biennium, the legislature may appropriate moneys
23 from the account for activities related to developing a data
24 dashboard to map investments made by the public works board, the
25 department of commerce, the department of health, the department of
26 ecology, the department of transportation, the transportation
27 improvement board, and by board partners to the system improvement
28 team created in RCW 43.155.150.

29 (2) (a) For fiscal year 2024(~~(7)~~) and fiscal year 2025(~~(7—and~~
30 ~~fiscal year 2028 through fiscal year 2038)~~), the state treasurer must
31 transfer from the public works assistance account to the move ahead
32 WA account created in RCW 46.68.510 \$57,000,000 each fiscal year in
33 four equal quarterly transfers.

34 (b) For fiscal year 2026 and fiscal year 2027, the state
35 treasurer must transfer from the public works assistance account to
36 the general fund \$57,000,000 each fiscal year in four equal quarterly
37 transfers.

38 (c) For fiscal year 2028 through fiscal year 2038, the state
39 treasurer must transfer from the public works assistance account to

1 the move ahead WA account created in RCW 46.68.510 \$57,000,000 each
2 fiscal year.

3 (3) During the 2025-2027 fiscal biennium, the legislature may
4 direct the state treasurer to transfer money from the public works
5 assistance account to the state general fund.

6 **Preserve Washington Account**

7 NEW SECTION. **Sec. 304.** A new section is added to chapter 46.68
8 RCW to read as follows:

9 The preserve Washington account is created in the motor vehicle
10 fund. Moneys in the account may be spent only after appropriation.
11 Expenditures from the account may be used only for the purposes
12 specified in RCW 46.68.070 that are also highway preservation and
13 maintenance purposes.

14 **Sec. 305.** RCW 43.84.092 and 2025 c 417 s 802, 2025 c 399 s 15,
15 2025 c 359 s 12, and 2025 c 299 s 21 are each reenacted and amended
16 to read as follows:

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

20 (2) The treasury income account shall be utilized to pay or
21 receive funds associated with federal programs as required by the
22 federal cash management improvement act of 1990. The treasury income
23 account is subject in all respects to chapter 43.88 RCW, but no
24 appropriation is required for refunds or allocations of interest
25 earnings required by the cash management improvement act. Refunds of
26 interest to the federal treasury required under the cash management
27 improvement act fall under RCW 43.88.180 and shall not require
28 appropriation. The office of financial management shall determine the
29 amounts due to or from the federal government pursuant to the cash
30 management improvement act. The office of financial management may
31 direct transfers of funds between accounts as deemed necessary to
32 implement the provisions of the cash management improvement act, and
33 this subsection. Refunds or allocations shall occur prior to the
34 distributions of earnings set forth in subsection (4) of this
35 section.

36 (3) Except for the provisions of RCW 43.84.160, the treasury
37 income account may be utilized for the payment of purchased banking

1 services on behalf of treasury funds including, but not limited to,
2 depository, safekeeping, and disbursement functions for the state
3 treasury and affected state agencies. The treasury income account is
4 subject in all respects to chapter 43.88 RCW, but no appropriation is
5 required for payments to financial institutions. Payments shall occur
6 prior to distribution of earnings set forth in subsection (4) of this
7 section.

8 (4) Monthly, the state treasurer shall distribute the earnings
9 credited to the treasury income account. The state treasurer shall
10 credit the general fund with all the earnings credited to the
11 treasury income account except:

12 (a) The following accounts and funds shall receive their
13 proportionate share of earnings based upon each account's and fund's
14 average daily balance for the period: The abandoned recreational
15 vehicle disposal account, the aeronautics account, the Alaskan Way
16 viaduct replacement project account, the ambulance transport fund,
17 the budget stabilization account, the capital vessel replacement
18 account, the capitol building construction account, the Central
19 Washington University capital projects account, the charitable,
20 educational, penal and reformatory institutions account, the Chehalis
21 basin account, the Chehalis basin taxable account, the clean fuels
22 credit account, the clean fuels transportation investment account,
23 the cleanup settlement account, the Columbia river basin water supply
24 development account, the Columbia river basin taxable bond water
25 supply development account, the Columbia river basin water supply
26 revenue recovery account, the common school construction fund, the
27 community forest trust account, the connecting Washington account,
28 the county arterial preservation account, the county criminal justice
29 assistance account, the covenant homeownership account, the deferred
30 compensation administrative account, the deferred compensation
31 principal account, the department of licensing services account, the
32 department of retirement systems expense account, the developmental
33 disabilities community services account, the diesel idle reduction
34 account, the opioid abatement settlement account, the drinking water
35 assistance account, the administrative subaccount of the drinking
36 water assistance account, the driver education safety improvement
37 account, the early learning facilities development account, the early
38 learning facilities revolving account, the Eastern Washington
39 University capital projects account, the education legacy trust
40 account, the election account, the electric vehicle account, the

1 energy freedom account, the energy recovery act account, the
2 essential rail assistance account, The Evergreen State College
3 capital projects account, the fair start for kids account, the family
4 medicine workforce development account, the ferry bond retirement
5 fund, the fish, wildlife, and conservation account, the freight
6 mobility investment account, the freight mobility multimodal account,
7 the grade crossing protective fund, the higher education retirement
8 plan supplemental benefit fund, the Washington student loan account,
9 the highway bond retirement fund, the highway infrastructure account,
10 the highway safety fund, the hospital safety net assessment fund, the
11 Interstate 5 bridge replacement project account, the Interstate 405
12 and state route number 167 express toll lanes account, the judges'
13 retirement account, the judicial retirement administrative account,
14 the judicial retirement principal account, the limited fish and
15 wildlife account, the local leasehold excise tax account, the local
16 real estate excise tax account, the local sales and use tax account,
17 the marine resources stewardship trust account, the medical aid
18 account, the money-purchase retirement savings administrative
19 account, the money-purchase retirement savings principal account, the
20 motor vehicle fund, the motorcycle safety education account, the move
21 ahead WA account, the move ahead WA flexible account, the multimodal
22 transportation account, the multiuse roadway safety account, the
23 municipal criminal justice assistance account, the oyster reserve
24 land account, the pension funding stabilization account, the
25 perpetual surveillance and maintenance account, the pilotage account,
26 the pollution liability insurance agency underground storage tank
27 revolving account, the medicaid access program account, the preserve
28 Washington account, the public employees' retirement system plan 1
29 account, the public employees' retirement system combined plan 2 and
30 plan 3 account, the public facilities construction loan revolving
31 account, the public health supplemental account, the public works
32 assistance account, the Puget Sound capital construction account, the
33 Puget Sound ferry operations account, the Puget Sound Gateway
34 facility account, the Puget Sound taxpayer accountability account,
35 the real estate appraiser commission account, the recreational
36 vehicle account, the regional mobility grant program account, the
37 reserve officers' relief and pension principal fund, the resource
38 management cost account, the rural arterial trust account, the rural
39 mobility grant program account, the rural Washington loan fund, the
40 second injury fund, the sexual assault prevention and response

1 account, the site closure account, the skilled nursing facility
2 safety net trust fund, the small city pavement and sidewalk account,
3 the special category C account, the special wildlife account, the
4 state hazard mitigation revolving loan account, the state investment
5 board expense account, the state investment board commingled trust
6 fund accounts, the state patrol highway account, the state
7 reclamation revolving account, the state route number 520 civil
8 penalties account, the state route number 520 corridor account, the
9 statewide broadband account, the statewide tourism marketing account,
10 the supplemental pension account, the Tacoma Narrows toll bridge
11 account, the teachers' retirement system plan 1 account, the
12 teachers' retirement system combined plan 2 and plan 3 account, the
13 tobacco prevention and control account, the tobacco settlement
14 account, the toll facility bond retirement account, the
15 transportation 2003 account (nickel account), the transportation
16 equipment fund, the JUDY transportation future funding program
17 account, the transportation improvement account, the transportation
18 improvement board bond retirement account, the transportation
19 infrastructure account, the transportation partnership account, the
20 traumatic brain injury account, the tribal opioid prevention and
21 treatment account, the University of Washington bond retirement fund,
22 the University of Washington building account, the voluntary cleanup
23 account, the volunteer firefighters' relief and pension principal
24 fund, the volunteer firefighters' and reserve officers'
25 administrative fund, the vulnerable roadway user education account,
26 the Washington judicial retirement system account, the Washington law
27 enforcement officers' and firefighters' system plan 1 retirement
28 account, the Washington law enforcement officers' and firefighters'
29 system plan 2 retirement account, the Washington public safety
30 employees' plan 2 retirement account, the Washington school
31 employees' retirement system combined plan 2 and 3 account, the
32 Washington state patrol retirement account, the Washington State
33 University building account, the Washington State University bond
34 retirement fund, the water pollution control revolving administration
35 account, the water pollution control revolving fund, the Western
36 Washington University capital projects account, the Yakima integrated
37 plan implementation account, the Yakima integrated plan
38 implementation revenue recovery account, and the Yakima integrated
39 plan implementation taxable bond account. Earnings derived from
40 investing balances of the agricultural permanent fund, the normal

1 school permanent fund, the permanent common school fund, the
2 scientific permanent fund, and the state university permanent fund
3 shall be allocated to their respective beneficiary accounts.

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

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

13 **Sec. 306.** RCW 43.84.092 and 2025 c 417 s 802, 2025 c 399 s 15,
14 and 2025 c 299 s 21 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
20 receive funds associated with federal programs as required by the
21 federal cash management improvement act of 1990. The treasury income
22 account is subject in all respects to chapter 43.88 RCW, but no
23 appropriation is required for refunds or allocations of interest
24 earnings required by the cash management improvement act. Refunds of
25 interest to the federal treasury required under the cash management
26 improvement act fall under RCW 43.88.180 and shall not require
27 appropriation. The office of financial management shall determine the
28 amounts due to or from the federal government pursuant to the cash
29 management improvement act. The office of financial management may
30 direct transfers of funds between accounts as deemed necessary to
31 implement the provisions of the cash management improvement act, and
32 this subsection. Refunds or allocations shall occur prior to the
33 distributions of earnings set forth in subsection (4) of this
34 section.

35 (3) Except for the provisions of RCW 43.84.160, the treasury
36 income account may be utilized for the payment of purchased banking
37 services on behalf of treasury funds including, but not limited to,
38 depository, safekeeping, and disbursement functions for the state
39 treasury and affected state agencies. The treasury income account is

1 subject in all respects to chapter 43.88 RCW, but no appropriation is
2 required for payments to financial institutions. Payments shall occur
3 prior to distribution of earnings set forth in subsection (4) of this
4 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
8 treasury 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 abandoned recreational
12 vehicle disposal account, the aeronautics account, the Alaskan Way
13 viaduct replacement project account, the ambulance transport fund,
14 the budget stabilization account, the capital vessel replacement
15 account, the capitol building construction account, the Central
16 Washington University capital projects account, the charitable,
17 educational, penal and reformatory institutions account, the Chehalis
18 basin account, the Chehalis basin taxable account, the clean fuels
19 credit account, the clean fuels transportation investment account,
20 the cleanup settlement account, the Columbia river basin water supply
21 development account, the Columbia river basin taxable bond water
22 supply development account, the Columbia river basin water supply
23 revenue recovery account, the common school construction fund, the
24 community forest trust account, the connecting Washington account,
25 the county arterial preservation account, the county criminal justice
26 assistance account, the covenant homeownership account, the deferred
27 compensation administrative account, the deferred compensation
28 principal account, the department of licensing services account, the
29 department of retirement systems expense account, the developmental
30 disabilities community services account, the diesel idle reduction
31 account, the opioid abatement settlement account, the drinking water
32 assistance account, the administrative subaccount of the drinking
33 water assistance account, the driver education safety improvement
34 account, the early learning facilities development account, the early
35 learning facilities revolving account, the Eastern Washington
36 University capital projects account, the education legacy trust
37 account, the election account, the electric vehicle account, the
38 energy freedom account, the energy recovery act account, the
39 essential rail assistance account, The Evergreen State College
40 capital projects account, the fair start for kids account, the family

1 medicine workforce development account, the ferry bond retirement
2 fund, the fish, wildlife, and conservation account, the freight
3 mobility investment account, the freight mobility multimodal account,
4 the grade crossing protective fund, the higher education retirement
5 plan supplemental benefit fund, the Washington student loan account,
6 the highway bond retirement fund, the highway infrastructure account,
7 the highway safety fund, the hospital safety net assessment fund, the
8 Interstate 5 bridge replacement project account, the Interstate 405
9 and state route number 167 express toll lanes account, the judges'
10 retirement account, the judicial retirement administrative account,
11 the judicial retirement principal account, the limited fish and
12 wildlife account, the local leasehold excise tax account, the local
13 real estate excise tax account, the local sales and use tax account,
14 the marine resources stewardship trust account, the medical aid
15 account, the money-purchase retirement savings administrative
16 account, the money-purchase retirement savings principal account, the
17 motor vehicle fund, the motorcycle safety education account, the move
18 ahead WA account, the move ahead WA flexible account, the multimodal
19 transportation account, the multiuse roadway safety account, the
20 municipal criminal justice assistance account, the oyster reserve
21 land account, the pension funding stabilization account, the
22 perpetual surveillance and maintenance account, the pilotage account,
23 the pollution liability insurance agency underground storage tank
24 revolving account, the preserve Washington account, the public
25 employees' retirement system plan 1 account, the public employees'
26 retirement system combined plan 2 and plan 3 account, the public
27 facilities construction loan revolving account, the public health
28 supplemental account, the public works assistance account, the Puget
29 Sound capital construction account, the Puget Sound ferry operations
30 account, the Puget Sound Gateway facility account, the Puget Sound
31 taxpayer accountability account, the real estate appraiser commission
32 account, the recreational vehicle account, the regional mobility
33 grant program account, the reserve officers' relief and pension
34 principal fund, the resource management cost account, the rural
35 arterial trust account, the rural mobility grant program account, the
36 rural Washington loan fund, the second injury fund, the sexual
37 assault prevention and response account, the site closure account,
38 the skilled nursing facility safety net trust fund, the small city
39 pavement and sidewalk account, the special category C account, the
40 special wildlife account, the state hazard mitigation revolving loan

1 account, the state investment board expense account, the state
2 investment board commingled trust fund accounts, the state patrol
3 highway account, the state reclamation revolving account, the state
4 route number 520 civil penalties account, the state route number 520
5 corridor account, the statewide broadband account, the statewide
6 tourism marketing account, the supplemental pension account, the
7 Tacoma Narrows toll bridge account, the teachers' retirement system
8 plan 1 account, the teachers' retirement system combined plan 2 and
9 plan 3 account, the tobacco prevention and control account, the
10 tobacco settlement account, the toll facility bond retirement
11 account, the transportation 2003 account (nickel account), the
12 transportation equipment fund, the JUDY transportation future funding
13 program account, the transportation improvement account, the
14 transportation improvement board bond retirement account, the
15 transportation infrastructure account, the transportation partnership
16 account, the traumatic brain injury account, the tribal opioid
17 prevention and treatment account, the University of Washington bond
18 retirement fund, the University of Washington building account, the
19 voluntary cleanup account, the volunteer firefighters' relief and
20 pension principal fund, the volunteer firefighters' and reserve
21 officers' administrative fund, the vulnerable roadway user education
22 account, the Washington judicial retirement system account, the
23 Washington law enforcement officers' and firefighters' system plan 1
24 retirement account, the Washington law enforcement officers' and
25 firefighters' system plan 2 retirement account, the Washington public
26 safety employees' plan 2 retirement account, the Washington school
27 employees' retirement system combined plan 2 and 3 account, the
28 Washington state patrol retirement account, the Washington State
29 University building account, the Washington State University bond
30 retirement fund, the water pollution control revolving administration
31 account, the water pollution control revolving fund, the Western
32 Washington University capital projects account, the Yakima integrated
33 plan implementation account, the Yakima integrated plan
34 implementation revenue recovery account, and the Yakima integrated
35 plan implementation taxable bond account. Earnings derived from
36 investing balances of the agricultural permanent fund, the normal
37 school permanent fund, the permanent common school fund, the
38 scientific permanent fund, and the state university permanent fund
39 shall be allocated to their respective beneficiary accounts.

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

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

10 **Sec. 307.** RCW 43.84.092 and 2025 c 417 s 803, 2025 c 399 s 16,
11 2025 c 359 s 13, and 2025 c 299 s 22 are each reenacted and amended
12 to read as follows:

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

16 (2) The treasury income account shall be utilized to pay or
17 receive funds associated with federal programs as required by the
18 federal cash management improvement act of 1990. The treasury income
19 account is subject in all respects to chapter 43.88 RCW, but no
20 appropriation is required for refunds or allocations of interest
21 earnings required by the cash management improvement act. Refunds of
22 interest to the federal treasury required under the cash management
23 improvement act fall under RCW 43.88.180 and shall not require
24 appropriation. The office of financial management shall determine the
25 amounts due to or from the federal government pursuant to the cash
26 management improvement act. The office of financial management may
27 direct transfers of funds between accounts as deemed necessary to
28 implement the provisions of the cash management improvement act, and
29 this subsection. Refunds or allocations shall occur prior to the
30 distributions of earnings set forth in subsection (4) of this
31 section.

32 (3) Except for the provisions of RCW 43.84.160, the treasury
33 income account may be utilized for the payment of purchased banking
34 services on behalf of treasury funds including, but not limited to,
35 depository, safekeeping, and disbursement functions for the state
36 treasury and affected state agencies. The treasury income account is
37 subject in all respects to chapter 43.88 RCW, but no appropriation is
38 required for payments to financial institutions. Payments shall occur

1 prior to distribution of earnings set forth in subsection (4) of this
2 section.

3 (4) Monthly, the state treasurer shall distribute the earnings
4 credited to the treasury income account. The state treasurer shall
5 credit the general fund with all the earnings credited to the
6 treasury income account except:

7 (a) The following accounts and funds shall receive their
8 proportionate share of earnings based upon each account's and fund's
9 average daily balance for the period: The abandoned recreational
10 vehicle disposal account, the aeronautics account, the Alaskan Way
11 viaduct replacement project account, the budget stabilization
12 account, the capital vessel replacement account, the capitol building
13 construction account, the Central Washington University capital
14 projects account, the charitable, educational, penal and reformatory
15 institutions account, the Chehalis basin account, the Chehalis basin
16 taxable account, the clean fuels credit account, the clean fuels
17 transportation investment account, the cleanup settlement account,
18 the Columbia river basin water supply development account, the
19 Columbia river basin taxable bond water supply development account,
20 the Columbia river basin water supply revenue recovery account, the
21 common school construction fund, the community forest trust account,
22 the connecting Washington account, the county arterial preservation
23 account, the county criminal justice assistance account, the covenant
24 homeownership account, the deferred compensation administrative
25 account, the deferred compensation principal account, the department
26 of licensing services account, the department of retirement systems
27 expense account, the developmental disabilities community services
28 account, the diesel idle reduction account, the opioid abatement
29 settlement account, the drinking water assistance account, the
30 administrative subaccount of the drinking water assistance account,
31 the driver education safety improvement account, the early learning
32 facilities development account, the early learning facilities
33 revolving account, the Eastern Washington University capital projects
34 account, the education legacy trust account, the election account,
35 the electric vehicle account, the energy freedom account, the energy
36 recovery act account, the essential rail assistance account, The
37 Evergreen State College capital projects account, the fair start for
38 kids account, the family medicine workforce development account, the
39 ferry bond retirement fund, the fish, wildlife, and conservation
40 account, the freight mobility investment account, the freight

1 mobility multimodal account, the grade crossing protective fund, the
2 higher education retirement plan supplemental benefit fund, the
3 Washington student loan account, the highway bond retirement fund,
4 the highway infrastructure account, the highway safety fund, the
5 hospital safety net assessment fund, the Interstate 5 bridge
6 replacement project account, the Interstate 405 and state route
7 number 167 express toll lanes account, the judges' retirement
8 account, the judicial retirement administrative account, the judicial
9 retirement principal account, the limited fish and wildlife account,
10 the local leasehold excise tax account, the local real estate excise
11 tax account, the local sales and use tax account, the marine
12 resources stewardship trust account, the medical aid account, the
13 money-purchase retirement savings administrative account, the money-
14 purchase retirement savings principal account, the motor vehicle
15 fund, the motorcycle safety education account, the move ahead WA
16 account, the move ahead WA flexible account, the multimodal
17 transportation account, the multiuse roadway safety account, the
18 municipal criminal justice assistance account, the oyster reserve
19 land account, the pension funding stabilization account, the
20 perpetual surveillance and maintenance account, the pilotage account,
21 the pollution liability insurance agency underground storage tank
22 revolving account, the medicaid access program account, the preserve
23 Washington account, the public employees' retirement system plan 1
24 account, the public employees' retirement system combined plan 2 and
25 plan 3 account, the public facilities construction loan revolving
26 account, the public health supplemental account, the public works
27 assistance account, the Puget Sound capital construction account, the
28 Puget Sound ferry operations account, the Puget Sound Gateway
29 facility account, the Puget Sound taxpayer accountability account,
30 the real estate appraiser commission account, the recreational
31 vehicle account, the regional mobility grant program account, the
32 reserve officers' relief and pension principal fund, the resource
33 management cost account, the rural arterial trust account, the rural
34 mobility grant program account, the rural Washington loan fund, the
35 second injury fund, the sexual assault prevention and response
36 account, the site closure account, the skilled nursing facility
37 safety net trust fund, the small city pavement and sidewalk account,
38 the special category C account, the special wildlife account, the
39 state hazard mitigation revolving loan account, the state investment
40 board expense account, the state investment board commingled trust

1 fund accounts, the state patrol highway account, the state
2 reclamation revolving account, the state route number 520 civil
3 penalties account, the state route number 520 corridor account, the
4 statewide broadband account, the statewide tourism marketing account,
5 the supplemental pension account, the Tacoma Narrows toll bridge
6 account, the teachers' retirement system plan 1 account, the
7 teachers' retirement system combined plan 2 and plan 3 account, the
8 tobacco prevention and control account, the tobacco settlement
9 account, the toll facility bond retirement account, the
10 transportation 2003 account (nickel account), the transportation
11 equipment fund, the JUDY transportation future funding program
12 account, the transportation improvement account, the transportation
13 improvement board bond retirement account, the transportation
14 infrastructure account, the transportation partnership account, the
15 traumatic brain injury account, the tribal opioid prevention and
16 treatment account, the University of Washington bond retirement fund,
17 the University of Washington building account, the voluntary cleanup
18 account, the volunteer firefighters' relief and pension principal
19 fund, the volunteer firefighters' and reserve officers'
20 administrative fund, the vulnerable roadway user education 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
26 employees' retirement system combined plan 2 and 3 account, the
27 Washington state patrol retirement account, the Washington State
28 University building account, the Washington State University bond
29 retirement fund, the water pollution control revolving administration
30 account, the water pollution control revolving fund, the Western
31 Washington University capital projects account, the Yakima integrated
32 plan implementation account, the Yakima integrated plan
33 implementation revenue recovery account, and the Yakima integrated
34 plan implementation taxable bond account. Earnings derived from
35 investing balances of the agricultural permanent fund, the normal
36 school permanent fund, the permanent common school fund, the
37 scientific permanent fund, and the state university permanent fund
38 shall be allocated to their respective beneficiary accounts.

39 (b) Any state agency that has independent authority over accounts
40 or funds not statutorily required to be held in the state treasury

1 that deposits funds into a fund or account in the state treasury
2 pursuant to an agreement with the office of the state treasurer shall
3 receive its proportionate share of earnings based upon each account's
4 or fund's average daily balance for the period.

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

8 **Sec. 308.** RCW 43.84.092 and 2025 c 417 s 803, 2025 c 399 s 16,
9 and 2025 c 299 s 22 are each reenacted and amended to read as
10 follows:

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

14 (2) The treasury income account shall be utilized to pay or
15 receive funds associated with federal programs as required by the
16 federal cash management improvement act of 1990. The treasury income
17 account is subject in all respects to chapter 43.88 RCW, but no
18 appropriation is required for refunds or allocations of interest
19 earnings required by the cash management improvement act. Refunds of
20 interest to the federal treasury required under the cash management
21 improvement act fall under RCW 43.88.180 and shall not require
22 appropriation. The office of financial management shall determine the
23 amounts due to or from the federal government pursuant to the cash
24 management improvement act. The office of financial management may
25 direct transfers of funds between accounts as deemed necessary to
26 implement the provisions of the cash management improvement act, and
27 this subsection. Refunds or allocations shall occur prior to the
28 distributions of earnings set forth in subsection (4) of this
29 section.

30 (3) Except for the provisions of RCW 43.84.160, the treasury
31 income account may be utilized for the payment of purchased banking
32 services on behalf of treasury funds including, but not limited to,
33 depository, safekeeping, and disbursement functions for the state
34 treasury and affected state agencies. The treasury income account is
35 subject in all respects to chapter 43.88 RCW, but no appropriation is
36 required for payments to financial institutions. Payments shall occur
37 prior to distribution of earnings set forth in subsection (4) of this
38 section.

1 (4) Monthly, the state treasurer shall distribute the earnings
2 credited to the treasury income account. The state treasurer shall
3 credit the general fund with all the earnings credited to the
4 treasury income account except:

5 (a) The following accounts and funds shall receive their
6 proportionate share of earnings based upon each account's and fund's
7 average daily balance for the period: The abandoned recreational
8 vehicle disposal account, the aeronautics account, the Alaskan Way
9 viaduct replacement project account, the budget stabilization
10 account, the capital vessel replacement account, the capitol building
11 construction account, the Central Washington University capital
12 projects account, the charitable, educational, penal and reformatory
13 institutions account, the Chehalis basin account, the Chehalis basin
14 taxable account, the clean fuels credit account, the clean fuels
15 transportation investment account, the cleanup settlement account,
16 the Columbia river basin water supply development account, the
17 Columbia river basin taxable bond water supply development account,
18 the Columbia river basin water supply revenue recovery account, the
19 common school construction fund, the community forest trust account,
20 the connecting Washington account, the county arterial preservation
21 account, the county criminal justice assistance account, the covenant
22 homeownership account, the deferred compensation administrative
23 account, the deferred compensation principal account, the department
24 of licensing services account, the department of retirement systems
25 expense account, the developmental disabilities community services
26 account, the diesel idle reduction account, the opioid abatement
27 settlement account, the drinking water assistance account, the
28 administrative subaccount of the drinking water assistance account,
29 the driver education safety improvement account, the early learning
30 facilities development account, the early learning facilities
31 revolving account, the Eastern Washington University capital projects
32 account, the education legacy trust account, the election account,
33 the electric vehicle account, the energy freedom account, the energy
34 recovery act account, the essential rail assistance account, The
35 Evergreen State College capital projects account, the fair start for
36 kids account, the family medicine workforce development account, the
37 ferry bond retirement fund, the fish, wildlife, and conservation
38 account, the freight mobility investment account, the freight
39 mobility multimodal account, the grade crossing protective fund, the
40 higher education retirement plan supplemental benefit fund, the

1 Washington student loan account, the highway bond retirement fund,
2 the highway infrastructure account, the highway safety fund, the
3 hospital safety net assessment fund, the Interstate 5 bridge
4 replacement project account, the Interstate 405 and state route
5 number 167 express toll lanes account, the judges' retirement
6 account, the judicial retirement administrative account, the judicial
7 retirement principal account, the limited fish and wildlife account,
8 the local leasehold excise tax account, the local real estate excise
9 tax account, the local sales and use tax account, the marine
10 resources stewardship trust account, the medical aid account, the
11 money-purchase retirement savings administrative account, the money-
12 purchase retirement savings principal account, the motor vehicle
13 fund, the motorcycle safety education account, the move ahead WA
14 account, the move ahead WA flexible account, the multimodal
15 transportation account, the multiuse roadway safety account, the
16 municipal criminal justice assistance account, the oyster reserve
17 land account, the pension funding stabilization account, the
18 perpetual surveillance and maintenance account, the pilotage account,
19 the pollution liability insurance agency underground storage tank
20 revolving account, the preserve Washington account, the public
21 employees' retirement system plan 1 account, the public employees'
22 retirement system combined plan 2 and plan 3 account, the public
23 facilities construction loan revolving account, the public health
24 supplemental account, the public works assistance account, the Puget
25 Sound capital construction account, the Puget Sound ferry operations
26 account, the Puget Sound Gateway facility account, the Puget Sound
27 taxpayer accountability account, the real estate appraiser commission
28 account, the recreational vehicle account, the regional mobility
29 grant program account, the reserve officers' relief and pension
30 principal fund, the resource management cost account, the rural
31 arterial trust account, the rural mobility grant program account, the
32 rural Washington loan fund, the second injury fund, the sexual
33 assault prevention and response account, the site closure account,
34 the skilled nursing facility safety net trust fund, the small city
35 pavement and sidewalk account, the special category C account, the
36 special wildlife account, the state hazard mitigation revolving loan
37 account, the state investment board expense account, the state
38 investment board commingled trust fund accounts, the state patrol
39 highway account, the state reclamation revolving account, the state
40 route number 520 civil penalties account, the state route number 520

1 corridor account, the statewide broadband account, the statewide
2 tourism marketing account, the supplemental pension account, the
3 Tacoma Narrows toll bridge account, the teachers' retirement system
4 plan 1 account, the teachers' retirement system combined plan 2 and
5 plan 3 account, the tobacco prevention and control account, the
6 tobacco settlement account, the toll facility bond retirement
7 account, the transportation 2003 account (nickel account), the
8 transportation equipment fund, the JUDY transportation future funding
9 program account, the transportation improvement account, the
10 transportation improvement board bond retirement account, the
11 transportation infrastructure account, the transportation partnership
12 account, the traumatic brain injury account, the tribal opioid
13 prevention and treatment account, the University of Washington bond
14 retirement fund, the University of Washington building account, the
15 voluntary cleanup account, the volunteer firefighters' relief and
16 pension principal fund, the volunteer firefighters' and reserve
17 officers' administrative fund, the vulnerable roadway user education
18 account, the Washington judicial retirement system account, the
19 Washington law enforcement officers' and firefighters' system plan 1
20 retirement account, the Washington law enforcement officers' and
21 firefighters' system plan 2 retirement account, the Washington public
22 safety employees' plan 2 retirement account, the Washington school
23 employees' retirement system combined plan 2 and 3 account, the
24 Washington state patrol retirement account, the Washington State
25 University building account, the Washington State University bond
26 retirement fund, the water pollution control revolving administration
27 account, the water pollution control revolving fund, the Western
28 Washington University capital projects account, the Yakima integrated
29 plan implementation account, the Yakima integrated plan
30 implementation revenue recovery account, and the Yakima integrated
31 plan implementation taxable bond account. Earnings derived from
32 investing balances of the agricultural permanent fund, the normal
33 school permanent fund, the permanent common school fund, the
34 scientific permanent fund, and the state university permanent fund
35 shall be allocated to their respective beneficiary accounts.

36 (b) Any state agency that has independent authority over accounts
37 or funds not statutorily required to be held in the state treasury
38 that deposits funds into a fund or account in the state treasury
39 pursuant to an agreement with the office of the state treasurer shall

1 receive its proportionate share of earnings based upon each account's
2 or fund's average daily balance for the period.

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

6 **Sec. 309.** RCW 43.84.092 and 2025 c 417 s 803, 2025 c 399 s 16,
7 2025 c 359 s 13, 2025 c 299 s 22, and 2025 c 228 s 15 are each
8 reenacted and amended to read as follows:

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

12 (2) The treasury income account shall be utilized to pay or
13 receive funds associated with federal programs as required by the
14 federal cash management improvement act of 1990. The treasury income
15 account is subject in all respects to chapter 43.88 RCW, but no
16 appropriation is required for refunds or allocations of interest
17 earnings required by the cash management improvement act. Refunds of
18 interest to the federal treasury required under the cash management
19 improvement act fall under RCW 43.88.180 and shall not require
20 appropriation. The office of financial management shall determine the
21 amounts due to or from the federal government pursuant to the cash
22 management improvement act. The office of financial management may
23 direct transfers of funds between accounts as deemed necessary to
24 implement the provisions of the cash management improvement act, and
25 this subsection. Refunds or allocations shall occur prior to the
26 distributions of earnings set forth in subsection (4) of this
27 section.

28 (3) Except for the provisions of RCW 43.84.160, the treasury
29 income account may be utilized for the payment of purchased banking
30 services on behalf of treasury funds including, but not limited to,
31 depository, safekeeping, and disbursement functions for the state
32 treasury and affected state agencies. The treasury income account is
33 subject in all respects to chapter 43.88 RCW, but no appropriation is
34 required for payments to financial institutions. Payments shall occur
35 prior to distribution of earnings set forth in subsection (4) of this
36 section.

37 (4) Monthly, the state treasurer shall distribute the earnings
38 credited to the treasury income account. The state treasurer shall

1 credit the general fund with all the earnings credited to the
2 treasury income account except:

3 (a) The following accounts and funds shall receive their
4 proportionate share of earnings based upon each account's and fund's
5 average daily balance for the period: The abandoned recreational
6 vehicle disposal account, the aeronautics account, the Alaskan Way
7 viaduct replacement project account, the budget stabilization
8 account, the capital vessel replacement account, the capitol building
9 construction account, the Central Washington University capital
10 projects account, the charitable, educational, penal and reformatory
11 institutions account, the Chehalis basin account, the Chehalis basin
12 taxable account, the clean fuels credit account, the clean fuels
13 transportation investment account, the cleanup settlement account,
14 the Columbia river basin water supply development account, the
15 Columbia river basin taxable bond water supply development account,
16 the Columbia river basin water supply revenue recovery account, the
17 common school construction fund, the community forest trust account,
18 the connecting Washington account, the county arterial preservation
19 account, the county criminal justice assistance account, the covenant
20 homeownership account, the deferred compensation administrative
21 account, the deferred compensation principal account, the department
22 of licensing services account, the department of retirement systems
23 expense account, the developmental disabilities community services
24 account, the diesel idle reduction account, the opioid abatement
25 settlement account, the drinking water assistance account, the
26 administrative subaccount of the drinking water assistance account,
27 the driver education safety improvement account, the early learning
28 facilities development account, the early learning facilities
29 revolving account, the Eastern Washington University capital projects
30 account, the education legacy trust account, the election account,
31 the electric vehicle account, the energy freedom account, the energy
32 recovery act account, the essential rail assistance account, The
33 Evergreen State College capital projects account, the fair start for
34 kids account, the family medicine workforce development account, the
35 ferry bond retirement fund, the fish, wildlife, and conservation
36 account, the freight mobility investment account, the freight
37 mobility multimodal account, the grade crossing protective fund, the
38 higher education retirement plan supplemental benefit fund, the
39 Washington student loan account, the highway bond retirement fund,
40 the highway infrastructure account, the highway safety fund, the

1 hospital safety net assessment fund, the intelligent speed assistance
2 device revolving account, the Interstate 5 bridge replacement project
3 account, the Interstate 405 and state route number 167 express toll
4 lanes account, the judges' retirement account, the judicial
5 retirement administrative account, the judicial retirement principal
6 account, the limited fish and wildlife account, the local leasehold
7 excise tax account, the local real estate excise tax account, the
8 local sales and use tax account, the marine resources stewardship
9 trust account, the medical aid account, the money-purchase retirement
10 savings administrative account, the money-purchase retirement savings
11 principal account, the motor vehicle fund, the motorcycle safety
12 education account, the move ahead WA account, the move ahead WA
13 flexible account, the multimodal transportation account, the multiuse
14 roadway safety account, the municipal criminal justice assistance
15 account, the oyster reserve land account, the pension funding
16 stabilization account, the perpetual surveillance and maintenance
17 account, the pilotage account, the pollution liability insurance
18 agency underground storage tank revolving account, the medicaid
19 access program account, the preserve Washington account, the public
20 employees' retirement system plan 1 account, the public employees'
21 retirement system combined plan 2 and plan 3 account, the public
22 facilities construction loan revolving account, the public health
23 supplemental account, the public works assistance account, the Puget
24 Sound capital construction account, the Puget Sound ferry operations
25 account, the Puget Sound Gateway facility account, the Puget Sound
26 taxpayer accountability account, the real estate appraiser commission
27 account, the recreational vehicle account, the regional mobility
28 grant program account, the reserve officers' relief and pension
29 principal fund, the resource management cost account, the rural
30 arterial trust account, the rural mobility grant program account, the
31 rural Washington loan fund, the second injury fund, the sexual
32 assault prevention and response account, the site closure account,
33 the skilled nursing facility safety net trust fund, the small city
34 pavement and sidewalk account, the special category C account, the
35 special wildlife account, the state hazard mitigation revolving loan
36 account, the state investment board expense account, the state
37 investment board commingled trust fund accounts, the state patrol
38 highway account, the state reclamation revolving account, the state
39 route number 520 civil penalties account, the state route number 520
40 corridor account, the statewide broadband account, the statewide

1 tourism marketing account, the supplemental pension account, the
2 Tacoma Narrows toll bridge account, the teachers' retirement system
3 plan 1 account, the teachers' retirement system combined plan 2 and
4 plan 3 account, the tobacco prevention and control account, the
5 tobacco settlement account, the toll facility bond retirement
6 account, the transportation 2003 account (nickel account), the
7 transportation equipment fund, the JUDY transportation future funding
8 program account, the transportation improvement account, the
9 transportation improvement board bond retirement account, the
10 transportation infrastructure account, the transportation partnership
11 account, the traumatic brain injury account, the tribal opioid
12 prevention and treatment account, the University of Washington bond
13 retirement fund, the University of Washington building account, the
14 voluntary cleanup account, the volunteer firefighters' relief and
15 pension principal fund, the volunteer firefighters' and reserve
16 officers' administrative fund, the vulnerable roadway user education
17 account, the Washington judicial retirement system account, the
18 Washington law enforcement officers' and firefighters' system plan 1
19 retirement account, the Washington law enforcement officers' and
20 firefighters' system plan 2 retirement account, the Washington public
21 safety employees' plan 2 retirement account, the Washington school
22 employees' retirement system combined plan 2 and 3 account, the
23 Washington state patrol retirement account, the Washington State
24 University building account, the Washington State University bond
25 retirement fund, the water pollution control revolving administration
26 account, the water pollution control revolving fund, the Western
27 Washington University capital projects account, the Yakima integrated
28 plan implementation account, the Yakima integrated plan
29 implementation revenue recovery account, and the Yakima integrated
30 plan implementation taxable bond account. Earnings derived from
31 investing balances of the agricultural permanent fund, the normal
32 school permanent fund, the permanent common school fund, the
33 scientific permanent fund, and the state university permanent fund
34 shall be allocated to their respective beneficiary accounts.

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

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

4 **Sec. 310.** RCW 43.84.092 and 2025 c 417 s 803, 2025 c 399 s 16,
5 2025 c 299 s 22, and 2025 c 228 s 15 are each reenacted and amended
6 to read as follows:

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

10 (2) The treasury income account shall be utilized to pay or
11 receive funds associated with federal programs as required by the
12 federal cash management improvement act of 1990. The treasury income
13 account is subject in all respects to chapter 43.88 RCW, but no
14 appropriation is required for refunds or allocations of interest
15 earnings required by the cash management improvement act. Refunds of
16 interest to the federal treasury required under the cash management
17 improvement act fall under RCW 43.88.180 and shall not require
18 appropriation. The office of financial management shall determine the
19 amounts due to or from the federal government pursuant to the cash
20 management improvement act. The office of financial management may
21 direct transfers of funds between accounts as deemed necessary to
22 implement the provisions of the cash management improvement act, and
23 this subsection. Refunds or allocations shall occur prior to the
24 distributions of earnings set forth in subsection (4) of this
25 section.

26 (3) Except for the provisions of RCW 43.84.160, the treasury
27 income account may be utilized for the payment of purchased banking
28 services on behalf of treasury funds including, but not limited to,
29 depository, safekeeping, and disbursement functions for the state
30 treasury and affected state agencies. The treasury income account is
31 subject in all respects to chapter 43.88 RCW, but no appropriation is
32 required for payments to financial institutions. Payments shall occur
33 prior to distribution of earnings set forth in subsection (4) of this
34 section.

35 (4) Monthly, the state treasurer shall distribute the earnings
36 credited to the treasury income account. The state treasurer shall
37 credit the general fund with all the earnings credited to the
38 treasury income account except:

1 (a) The following accounts and funds shall receive their
2 proportionate share of earnings based upon each account's and fund's
3 average daily balance for the period: The abandoned recreational
4 vehicle disposal account, the aeronautics account, the Alaskan Way
5 viaduct replacement project account, the budget stabilization
6 account, the capital vessel replacement account, the capitol building
7 construction account, the Central Washington University capital
8 projects account, the charitable, educational, penal and reformatory
9 institutions account, the Chehalis basin account, the Chehalis basin
10 taxable account, the clean fuels credit account, the clean fuels
11 transportation investment account, the cleanup settlement account,
12 the Columbia river basin water supply development account, the
13 Columbia river basin taxable bond water supply development account,
14 the Columbia river basin water supply revenue recovery account, the
15 common school construction fund, the community forest trust account,
16 the connecting Washington account, the county arterial preservation
17 account, the county criminal justice assistance account, the covenant
18 homeownership account, the deferred compensation administrative
19 account, the deferred compensation principal account, the department
20 of licensing services account, the department of retirement systems
21 expense account, the developmental disabilities community services
22 account, the diesel idle reduction account, the opioid abatement
23 settlement account, the drinking water assistance account, the
24 administrative subaccount of the drinking water assistance account,
25 the driver education safety improvement account, the early learning
26 facilities development account, the early learning facilities
27 revolving account, the Eastern Washington University capital projects
28 account, the education legacy trust account, the election account,
29 the electric vehicle account, the energy freedom account, the energy
30 recovery act account, the essential rail assistance account, The
31 Evergreen State College capital projects account, the fair start for
32 kids account, the family medicine workforce development account, the
33 ferry bond retirement fund, the fish, wildlife, and conservation
34 account, the freight mobility investment account, the freight
35 mobility multimodal account, the grade crossing protective fund, the
36 higher education retirement plan supplemental benefit fund, the
37 Washington student loan account, the highway bond retirement fund,
38 the highway infrastructure account, the highway safety fund, the
39 hospital safety net assessment fund, the intelligent speed assistance
40 device revolving account, the Interstate 5 bridge replacement project

1 account, the Interstate 405 and state route number 167 express toll
2 lanes account, the judges' retirement account, the judicial
3 retirement administrative account, the judicial retirement principal
4 account, the limited fish and wildlife account, the local leasehold
5 excise tax account, the local real estate excise tax account, the
6 local sales and use tax account, the marine resources stewardship
7 trust account, the medical aid account, the money-purchase retirement
8 savings administrative account, the money-purchase retirement savings
9 principal account, the motor vehicle fund, the motorcycle safety
10 education account, the move ahead WA account, the move ahead WA
11 flexible account, the multimodal transportation account, the multiuse
12 roadway safety account, the municipal criminal justice assistance
13 account, the oyster reserve land account, the pension funding
14 stabilization account, the perpetual surveillance and maintenance
15 account, the pilotage account, the pollution liability insurance
16 agency underground storage tank revolving account, the preserve
17 Washington account, the public employees' retirement system plan 1
18 account, the public employees' retirement system combined plan 2 and
19 plan 3 account, the public facilities construction loan revolving
20 account, the public health supplemental account, the public works
21 assistance account, the Puget Sound capital construction account, the
22 Puget Sound ferry operations account, the Puget Sound Gateway
23 facility account, the Puget Sound taxpayer accountability account,
24 the real estate appraiser commission account, the recreational
25 vehicle account, the regional mobility grant program account, the
26 reserve officers' relief and pension principal fund, the resource
27 management cost account, the rural arterial trust account, the rural
28 mobility grant program account, the rural Washington loan fund, the
29 second injury fund, the sexual assault prevention and response
30 account, the site closure account, the skilled nursing facility
31 safety net trust fund, the small city pavement and sidewalk account,
32 the special category C account, the special wildlife account, the
33 state hazard mitigation revolving loan account, the state investment
34 board expense account, the state investment board commingled trust
35 fund accounts, the state patrol highway account, the state
36 reclamation revolving account, the state route number 520 civil
37 penalties account, the state route number 520 corridor account, the
38 statewide broadband account, the statewide tourism marketing account,
39 the supplemental pension account, the Tacoma Narrows toll bridge
40 account, the teachers' retirement system plan 1 account, the

1 teachers' retirement system combined plan 2 and plan 3 account, the
2 tobacco prevention and control account, the tobacco settlement
3 account, the toll facility bond retirement account, the
4 transportation 2003 account (nickel account), the transportation
5 equipment fund, the JUDY transportation future funding program
6 account, the transportation improvement account, the transportation
7 improvement board bond retirement account, the transportation
8 infrastructure account, the transportation partnership account, the
9 traumatic brain injury account, the tribal opioid prevention and
10 treatment account, the University of Washington bond retirement fund,
11 the University of Washington building account, the voluntary cleanup
12 account, the volunteer firefighters' relief and pension principal
13 fund, the volunteer firefighters' and reserve officers'
14 administrative fund, the vulnerable roadway user education account,
15 the Washington judicial retirement system account, the Washington law
16 enforcement officers' and firefighters' system plan 1 retirement
17 account, the Washington law enforcement officers' and firefighters'
18 system plan 2 retirement account, the Washington public safety
19 employees' plan 2 retirement account, the Washington school
20 employees' retirement system combined plan 2 and 3 account, the
21 Washington state patrol retirement account, the Washington State
22 University building account, the Washington State University bond
23 retirement fund, the water pollution control revolving administration
24 account, the water pollution control revolving fund, the Western
25 Washington University capital projects account, the Yakima integrated
26 plan implementation account, the Yakima integrated plan
27 implementation revenue recovery account, and the Yakima integrated
28 plan implementation taxable bond account. Earnings derived from
29 investing balances of the agricultural permanent fund, the normal
30 school permanent fund, the permanent common school fund, the
31 scientific permanent fund, and the state university permanent fund
32 shall be allocated to their respective beneficiary accounts.

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

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

4 **PART IV: EFFECTIVE DATES AND OTHER MISCELLANEOUS PROVISIONS**

5 NEW SECTION. **Sec. 401.** (1) Section 305 of this act expires the
6 earlier of July 1, 2028, or when RCW 74.76.040 expires.

7 (2) Section 306 of this act expires July 1, 2028.

8 (3) Section 307 of this act expires the earlier of January 1,
9 2029, or when RCW 74.76.040 expires.

10 (4) Section 308 of this act expires January 1, 2029.

11 (5) Section 309 of this act expires when RCW 74.76.040 expires.

12 NEW SECTION. **Sec. 402.** (1) Section 306 of this act takes effect
13 when RCW 74.76.040 expires.

14 (2) Sections 307 and 308 of this act take effect July 1, 2028.

15 (3) Sections 309 and 310 of this act take effect January 1, 2029.

16 NEW SECTION. **Sec. 403.** The following acts or parts of acts are
17 each repealed:

18 (1) 2025 c 417 s 501; and

19 (2) 2025 c 417 s 502.

20 NEW SECTION. **Sec. 404.** The following acts or parts of acts are
21 each repealed:

22 (1) RCW 82.48A.010 (Luxury aircraft tax) and 2025 c 417 s 207;

23 (2) RCW 82.48A.020 (Use tax if value of aircraft exceeds \$500,000
24 —Exception) and 2025 c 417 s 208;

25 (3) RCW 82.48A.030 (Deposit for revenue collected) and 2025 c 417
26 s 209; and

27 (4) RCW 82.48A.040 (Administration) and 2025 c 417 s 210.

28 NEW SECTION. **Sec. 405.** Sections 301, 304, and 404 of this act
29 are necessary for the immediate preservation of the public peace,
30 health, or safety, or support of the state government and its
31 existing public institutions, and take effect immediately.

1 NEW SECTION. **Sec. 406.** Sections 101, 102, and 201 through 204
2 of this act take effect July 1, 2026.

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