



No. 2006-03
October 9, 2006

Transfers of Interest Income to the General Fund

Based on the current economic environment in which they operate, entities are actively looking for ways to generate additional revenues. Questions are often asked by auditors and entities about the transfer of interest income associated with various revenues to the General Fund.

The answers to these questions may be "Yes" or "No", based on the statutory language that authorized the imposition of taxes and levies or the distribution of fees and taxes by the state.

SAO has reviewed the language related to various taxes, levies and fees and prepared the attached schedule to assist SAO staff in determining whether interest transfers made by entities are allowable. The schedule shows the name of the restricted revenue, associated RCW provision and a "Yes" or "No" answer on the transferability of interest, and comments, if any, related to the language of the statute.

This should not be considered an exhaustive list of all situations related to interest transfers. For example, FYI 2001-03 deals with transfers of interest resulting from investments by utility funds. Additional questions about transfers of interest income generated by other types of revenue should be directed to Stacia Hollar. The answers to those questions will then be added to the matrix.

Questions about this FYI should be directed to Stacia Hollar or Team Audit Support.

*SAO - Conference
Finance Committee Meeting*

Source of Revenue	RCW	BARS Revenue Code	Divert interest to General Fund?	Comments / Specific wording of statute
Diverted County Road Property Taxes	36.33.220, 36.82.040	311.20	No	"All funds accruing for such levy"
Timber Tax	84.33.081	335.02.33	No	"Moneys available"
Emergency Medical Care and Service	84.52.069	311.10	Yes	
Veterans Relief	73.08.080(1)	311.10	No	Specifically restricts interest
Community Services	71.20.110	311.10	Yes	"Funds Collected"
Local Retail Sales and Use Taxes:				
Emergency Communication	82.14.420	313.16	No	"Moneys received"
ZOO, Aquarium and Wildlife Facilities	82.14.400	313.17	No	"Moneys received"
Rural Counties	82.14.370	313.18	Yes	"Moneys collected"
Regional Centers	82.14.390	313.19	Yes	"Moneys collected"
Public Transportation Systems	82.14.045	313.21	Yes	
High Capacity Transportation (HCT)	81.104.160, .170	317.12	Yes	
Criminal Justice	82.14.340	313.71	No	"Moneys received"
Juvenile Detention Facilities and Jails	82.14.350	313.72	No	"Moneys received"
Hotel/Motel Tax	67.28.1815	313.30	No	"Revenue from taxes"

Gambling Tax	9.46.110, .113, .270	317.51- .54	Yes	RCW 9.46.113 states the revenue from such tax shall be used <u>primarily</u> for the purpose of enforcement of the provisions of this chapter.
REET 1 st Quarter Percent	82.46.010	317.34	No	"Revenues generated from the tax"
REET 2 nd Quarter Percent	82.46.035	317.35	No	"Revenues generated from the tax"
REET ½ Percent	82.46.010, 82.14.030	317.36	No	"Revenues generated from the tax"
REET Conservation Areas	82.46.070	317.37	No	"Proceeds of the tax"
Ambulance Services	35.21.768	317.44	No	"Proceeds derived from all taxes"
Admission Tax	36.38.010	316.20	No	Revenues from the tax (while bonds active).
Parking Tax	82.80.030	316.30	No	"Proceeds"
Municipal Public Transportation System	35.95.040	317.43	No	"Proceeds derived from all taxes"
Enhanced 911 - state	82.14B.050	(State collection)	No	"Proceeds of any tax"
Enhanced 911 - Local	82.14B.050	317.41- .42	No	"Proceeds of any tax"
Motor Vehicle Fuel Tax:				
High Occupancy Vehicle (HOV) System	81.100.060	317.13	No	81.100.080 specifically states that investment earnings from this tax shall be used only HOV and other transportation purposes.
Border Area Jurisdictions	82.47.020, .030	317.14	No	"The entire proceeds of the tax"
State Distributions:				
Local Vehicle License Fee	82.80.010(8)	336.00.81	No	"Proceeds"

Vessel Registration Fee	88.02.040, .045	336.00.84	Yes	
MVFT – City Streets	46.68.070, .110, 47.24.040, Ch. 35.76	336.00.87	Yes	
MVFT – Arterial Streets	46.68.070	336.00.88	Yes	
MVFT – County Roads	46.68.070 - .124	336.00.89	Yes	
MVFT – Highways	82.80.010(8), .070	336.00.90	No	"Proceeds"
MVFT – County Ferries	47.56.725	336.00.92	Yes	
Centennial Document Preservation	36.22.170	336.04.11	Yes	
Criminal Justice – High Crime	82.14.310, .320	336.06.10- .20	Yes	
Criminal Justice – Special Distributions – Cities	82.14.330	336.06.21	Yes	
Fire Insurance Premium Tax	41.16.050, .060	336.06.91	No	"Moneys received"
Liquor Excise Tax (Including Beer)	82.08.150- .170, 66.08.195- .210, 66.24.290, 70.96A.085, .087	336.06.94	Yes	
Liquor Control Board Profits	66.08.170- .210, 70.96A.085- .087	336.06.95	Yes	
PFD Tax Funding	82.14.360	313.11-.13	No	"Revenue from the taxes"
Special License Plates	46.16.313	(State Collection)	No	"Proceeds"

Veterans Assistance Fund	73.08.080 (ch.250, laws 2005)	311.10	No	"expenditures from... and interest earned"
Mental Health Fund	71.20.110	311.10	Yes	"funds collected"
Conservation Futures	84.34.240(1)	311.10	No	"Amounts placed in fund"
Juvenile Detention Center Fund	82.14.350	313.72	No	"Moneys Received"
ER&R	36.33A.060	348 / 349	No	"Moneys Accumulated"

Court Assessed Fines and Penalties – State Portion:				
Court filing fees	36.18.020	386.91	No	RCW 36.18.025 - "money received" is interpreted to include both the fee and any interest
Penalty Assessments	10.82.070, 7.68.035	386.91	No	RCW 10.82.070(2) - "money received under this section..." has same interpretation as above
Courthouse Facilitator Program Fee	26.12.240	386.91	Yes	1. RCW 26.12.240 - "Fees collected under this section..."; 2. RCW 36.18.016(2) - "The clerk of the superior court shall transmit monthly twenty-four of the thirty-six dollars collected under this subsection..."; 3. RCW 36.18.025 specifies the calculation amounts that should be remitted, with no mention of interest.