liability insurance with such limits as they may deem reasonable for
the purpose of protecting their officials and employees against
liability for personal or bodily injuries and property damage arising
from their acts or omissions while performing or in good faith
purporting to perform their official duties.

NEW SECTION. Sec. 7. There is added to chapter 57.08 RCW a
new section to read as follows:

The board of water commissioners of each water district may
purchase liability insurance with such limits as they may deem
reasonable for the purpose of protecting their officials and
employees against liability for personal or bodily injuries and
property damage arising from their acts or omissions while performing
or in good faith purporting to perform their official duties.

NEW SECTION. Sec. 8. There is added to chapter 87.03 RCW a
new section to read as follows:

The board of directors of each irrigation district may
purchase liability insurance with such limits as they may deem
reasonable for the purpose of protecting their officials and
employees against liability for personal or bodily injuries and
property damage arising from their acts or omissions while performing
or in good faith purporting to perform their official duties.

Approved by the Governor March 19, 1973.
Filed in Office of Secretary of State March 19, 1973.

CHAPTER 126
[House Bill No. 397]
PUBLIC DEPOSITORIES—LAW REVISIONS

AN ACT Relating to public depositaries; amending section 35.38.010,
chapter 7, Laws of 1965 as amended by section 22, chapter 193,
Laws of 1969 ex. sess. and RCW 35.38.010; amending section
35.38.030, chapter 7, Laws of 1965 as amended by section 24,
chapter 193, Laws of 1969 ex. sess. and RCW 35.38.030;
amending section 35.38.040, chapter 7, Laws of 1965 as last
amended by section 25, chapter 193, Laws of 1969 ex. sess. and
and RCW 35.38.040; amending section 35A.40.030, chapter 119,
Laws of 1967 1st ex. sess. and RCW 35A.40.030; amending
section 36.48.010, chapter 4, Laws of 1963 as amended by
section 27, chapter 193, Laws of 1969 ex. sess. and RCW
36.48.010; amending section 36.48.020, chapter 4, Laws of 1963
as last amended by section 28, chapter 193, Laws of 1969 ex.
BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

Section 1. Section 35.38.010, chapter 7, Laws of 1965 as amended by section 22, chapter 193, Laws of 1969 ex. sess. and RCW 35.38.010 are each amended to read as follows:

The city treasurer in all cities having a population of seventy-five thousand or more inhabitants shall annually at the end of each fiscal year designate one or more banks in the city which ((meets the requirements for a)) are qualified public ((depositary)) depositaries as set forth by the public deposit protection commission as depositary or depositaries (((of))) for the moneys required to be kept by the treasurer, and such designation shall be subject to the approval of the mayor, and filed with the comptroller.

Sec. 2. Section 35.38.030, chapter 7, Laws of 1965 as amended by section 24, chapter 193, Laws of 1969 ex. sess. and RCW 35.38.030 are each amended to read as follows:
Any city or town having a population of less than seventy-five thousand inhabitants shall, upon a majority vote of its governing body, instruct its city or town treasurer annually at the end of each fiscal year, or at such other times as may be deemed necessary by the treasurer, to designate one or more banks in the county wherein the city or town is located which ((meets the requirements of a)) are qualified public ((depositary)) depositaries as set forth by the public deposit protection commission as depositary or depositaries ((of)) for the moneys required to be kept by said treasurer.

PROVIDED, That where any bank has been designated as a depositary hereunder such designation shall continue in force until revoked by a majority vote of the governing body of the city or town.

Sec. 3. Section 35.38.040, chapter 7, Laws of 1965 as last amended by section 25, chapter 193, laws of 1969 ex. sess. and RCW 35.38.040 are each amended to read as follows:

Before any such designation shall entitle the treasurer to make deposits in such bank or banks, the bank or banks so designated shall, within ten days after the same is filed with the city or town clerk, segregate eligible securities as collateral as provided by RCW 39.58.050 ((securities authorized by RCW 35.38.020 as now or hereafter amended; if there has been no default in the payment of principal or interest thereon)) as now or hereafter amended.

Sec. 4. Section 35A.40.030, chapter 119, Laws of 1967 1st ex. sess. and RCW 35A.40.030 are each amended to read as follows:

The legislative body of a code city, at the end of each fiscal year, or at such other times as the legislative body may direct, shall designate one or more banks in the county wherein the code city is located as depositary or depositaries of the moneys required to be kept by the code city treasurer or other officer performing the duties commonly performed by the treasurer of a code city: PROVIDED, That where any bank has been designated as a depositary hereunder such designation shall continue in force until revoked by a majority vote of the legislative body of such code city. The provisions ((of general law)) relating to ((such)) depositaries, ((as)) contained in ((REW 35.38.020)) chapter 39,58 RCW as now or hereafter amended, are hereby recognized as applicable to code cities and to the depositaries designated by them.

Sec. 5. Section 36.48.010, chapter 4, Laws of 1963 as amended by section 27, chapter 193, Laws of 1969 ex. sess. and RCW 36.48.010 are each amended to read as follows:

Each county treasurer shall annually on the second Monday in January, and at such other times as he deems necessary, designate one or more banks in the state which ((meets the requirements for a)) are qualified public ((depositary)) depositaries as set forth by the public deposit protection commission as depositary or depositaries
((of))) for all public funds held and required to be kept by him as such treasurer, and such designation or designations shall be in writing, and shall be filed with the board of county commissioners of his county, and no county treasurer shall deposit any public money in banks, except as herein provided.

Sec. 6. Section 36.48.020, chapter 4, Laws of 1963 as last amended by section 28, chapter 193, Laws of 1969 ex. sess. and RCW 36.48.020 are each amended to read as follows:

Before any such ((designation shall become effectual and entitle the)) treasurer ((to)) shall make ((deposits)) any deposit in such bank, the bank designated shall, within ten days after the designation has been filed, segregate securities eligible as collateral in accordance with RCW 39.58.050 as now or hereafter amended. ((the following eligible collateral:)

(1) Bonds, notes or other securities constituting the direct and general obligations of the United States or the bonds, notes, or other securities constituting the direct and general obligations of any instrumentality of the United States; the interest and principal of which is unconditionally guaranteed by the United States;

(2) (a) Direct and general obligation bonds and warrants of the state of Washington or of any other state of the United States;

(b) Revenue bonds of this state or any authority, board, commission; committee; or similar agency thereof;

(3) Direct and general obligation bonds and warrants of any city; town; county; school district; port district; or other political subdivision in the state; having the power to levy general taxes;

(4) Bonds issued by public utility districts as authorized under the provisions of Title 54 RCW as now or hereafter amended;

(5) Bonds of any city or the state of Washington for the payment of which the entire revenue of the city's water system; power and light system; or both; less maintenance and operating costs; are irrevocably pledged; even though such bonds are not general obligations of such city; PROVIDED, That said treasurer need not accept segregation any collateral described in this subsection if in his judgment it is not desirable so to do;

(6) In addition to the foregoing, every county depositary may also segregate such bonds, securities and other obligations as are designated to be authorized security for all public deposits pursuant to RCW 35.58.540; 35.81.140; 35.82.228; 39.69.030; 39.60.040 and 54.24.420 as now or hereafter amended.

In counties where the combined banking capital and surplus of all of the banks in the county is insufficient to carry the county funds the provision of this section with reference to the limit of the amount to be deposited in any one depositary may be waived by the
county finance committee.

Sec. 7. Section 36.48.080, chapter 4, Laws of 1963 and RCW 36.48.080 are each amended to read as follows:

The county clerks of all the counties of the state shall deposit all funds in their custody, as clerk of the superior court of their respective counties, in one or more (banks as they may elect) qualified depositaries, as provided in chapter 39.58 RCW, as now or hereafter amended.

Sec. 8. Section 36.48.090, chapter 4, Laws of 1963 and RCW 36.48.090 are each amended to read as follows:

Whenever any person has in his custody as clerk of the superior court any funds held in trust for any litigant or for any purpose, they shall be deposited in a separate fund designated "clerk's trust fund," and shall not be commingled with any public funds, and in case any interest is paid upon any such "clerk's trust fund" so deposited, it shall be paid to the beneficiary of such trust upon the termination thereof.

Sec. 9. Section 1, chapter 193, Laws of 1969 ex. sess. and RCW 39.58.010 are each amended to read as follows:

In this chapter, unless the context otherwise requires:

(1) "Public deposit" means moneys of the state or of any county, city or town, or other political subdivision of the state or any commission, committee, board or officer thereof or any court of the state deposited in any qualified public depositary, including moneys held as trustee, agent, or bailee by the state, any county, city or town, or other political subdivision of the state, or any commission, committee, board or office thereof or any court of the state, when deposited in any qualified public depositary;

(2) "Qualified public depositary" means a state bank or trust company or national banking association located in this state which receives or holds public deposits and segregates eligible collateral for public deposits as described in RCW 39.58.050 as now or hereafter amended;

(3) "Loss" means issuance of an order of supervisory authority restraining a qualified public depositary from making payments of deposit liabilities or the appointment of a receiver for a qualified public depositary;

(4) "Commission" means the Washington public deposit protection commission created under RCW 39.58.030;

(5) "Eligible collateral" means collateral which is eligible as security for public deposits pursuant to applicable state law;

(6) The "maximum liability" of a qualified public depositary means a sum equal to five percent (of the average daily balance of collected funds) of all public deposits held by the qualified public depositary (during the twelve months immediately preceding the date
of any computation of such liability) as determined by the average of the balances of said public deposits on the last four immediately preceding reports required pursuant to RCW 39.58.100, less any assessments made under this chapter;

(7) "Public funds available for investment" means such public funds as are in excess of the anticipated cash needs throughout the duration of the contemplated investment period;

(8) "Investment deposits" means bank time deposits of public funds available for investment;

(9) "Treasurer" shall mean the state treasurer, a county treasurer, a city treasurer, a treasurer of any other municipal corporation, and the custodian of any other public funds.

Sec. 10. Section 2, chapter 193, Laws of 1969 ex. sess. and RCW 39.58.020 are each amended to read as follows:

On and after August 11, 1969, all public deposits in qualified public depositaries, including investment deposits and accrued interest thereon, shall be protected against loss, as provided in this chapter.

Sec. 11. Section 5, chapter 193, Laws of 1969 ex. sess. and RCW 39.58.050 are each amended to read as follows:

(1) Every qualified public depositary shall at all times maintain, segregated from its other assets, eligible collateral in the form of securities enumerated in this section having a value at least equal to its maximum liability under this chapter. Such collateral may be segregated by deposit in the trust department of the depositary or in such other manner as the commission approves and shall be clearly designated as security for the benefit of public depositors under this chapter. (2) (Collateral) Securities eligible as (security) collateral shall be valued at face value or market value as determined by the commission. (3) The depositary shall have the right to make substitutions of (eligible) such collateral at any time. (4) The income from the (assets) securities which (constitute) have been segregated as collateral shall belong to the depositary bank without restriction.

Each of the following enumerated classes of securities, providing there has been no default in the payment of principal or interest thereon, shall be eligible to qualify as collateral:

(a) Bonds, notes, or other securities constituting direct and general obligations of the United States or the bonds, notes, or other securities constituting the direct and general obligation of any instrumentality of the United States, the interest and principal of which is unconditionally guaranteed by the United States;

(b) Any Direct and general obligation bonds and warrants of the state of Washington or of any other state of the United States;

(c) Revenue bonds of this state or any authority, board,
commission, committee, or similar agency thereof:

(1) Direct and general obligation bonds and warrants of any city, town, county, school district, port district, or other political subdivision of the state, having the power to levy general taxes, which are payable from general ad valorem taxes;

(2) Bonds issued by public utility districts as authorized under the provisions of Title 54 RCW, as now or hereafter amended;

(3) Bonds of any city of the state of Washington for the payment of which the entire revenues of the city's water system, power and light system, or both, less maintenance and operating costs, are irrevocably pledged, even though such bonds are not general obligations of such city;

(4) In addition to the securities enumerated in subsections (1) through (3) of this section, every public depository may also segregate such bonds, securities and other obligations as are designated to be authorized security for all public deposits pursuant to RCW 35.58.510, 35.81.110, 35.82.220, 39.60.030, 39.60.040 and 54.24.122, as now or hereafter amended.

The commission may at any time or times declare any particular security as ineligible to qualify as collateral when in the commission's judgment it is deemed desirable to do so.

The commission may require the state auditor or the supervisor of banking to thoroughly investigate and report to it concerning the condition of any bank which makes application to become a qualified public depository for state funds, and may also as often as it deems necessary require such investigation and report concerning the condition of any bank which has been designated as such depository, with the expense of the investigation to be borne by the depository examined. In lieu of such investigation or report, the commission may rely upon reports made available to it by the comptroller of the currency and the director of the federal deposit insurance corporation.

Sec. 12. Section 6, chapter 193, Laws of 1969 ex. sess. and RCW 39.58.060 are each amended to read as follows:

When the commission determines that a loss has occurred, it shall as soon as possible make payment to the proper public officers of all funds subject to such loss, pursuant to the following procedures: (1) For the purposes of determining the sums to be paid, the supervisor of banking or receiver shall, within twenty days after issuance of a restraining order or taking possession of any qualified public depository, ascertain the amount of public funds on deposit therein as disclosed by its records and the amount thereof covered by deposit insurance and certify the amounts thereof to the commission and each such public depositor; (2) within ten days after receipt of such certification, each such public depositor shall furnish to the
commission verified statements of its deposits in such depository as
disclosed by its records; (3) upon receipt of such certificate and
statements, the commission shall ascertain and fix the amount of such
public deposits, net after deduction of any deposit insurance, and
assess the same against all then qualified public depositories, as
follows: First, against the depository in which the loss occurred, to
the extent of the full value of collateral segregated pursuant to
this chapter; second, against all other then qualified public
depositories in proportion to their ((then)) maximum liability which
existed at the date of loss; (4) assessments made by the commission
shall be payable on the second business day following demand, and in
case of the failure of any qualified public depository so to pay, the
commission shall forthwith take possession of the ((eligible))
securities segregated as collateral ((segregated)) by such depository
pursuant to this chapter and liquidate the same for the purpose of
paying such assessment; (5) upon receipt of such assessment payments,
the commission shall reimburse the public depositors of the
depository in which the loss occurred to the extent of the
depository's net deposit liability to them.

Sec. 13. Section 7, chapter 193, Laws of 1969 ex. sess. and
RCW 39.58.070 are each amended to read as follows:

Upon payment to any public depositor, the commission shall be
subrogated to all of such depositor's right, title and interest
against the depository in which the loss occurred and shall share in
any distribution of its assets ratably with other depositors. Any
sums received from any distribution shall be paid to the public
depositors to the extent of any unpaid net deposit liability and the
balance remaining shall be paid to the qualified public depositories
against which assessments were made, pro rata in proportion to
((such)) the assessments actually paid by each such depository;
provided, That the depository in which the loss occurred shall not
share in any such distribution of the balance remaining. If the
commission incurs expense in enforcing any such claim, the amount
thereof shall be paid as a liquidation expense of the depository in
which the loss occurred.

Sec. 14. Section 6, chapter 184, Laws of 1951 as amended by
section 1, chapter 213, Laws of 1967 and RCW 41.48.060 are each
amended to read as follows:

(1) There is hereby established a special fund in the state
treasury to be known as the OASI contribution fund. All interest
earnings presently in ((this fund shall be transferred by the state
treasurer to the state's general fund)) and all interest earnings
accruing to this fund in accordance with RCW ((43765ve6f)) 39.58.120
shall be deposited in the state's general fund. Such fund shall
consist of and there shall be deposited in such fund: (a) All
contributions and penalties collected under RCW 41.48.040 and 41.48.050; (b) all moneys appropriated thereto under this chapter; (c) any property or securities belonging to the fund; and (d) all sums recovered upon the bond of the custodian or otherwise for losses sustained by the fund and all other moneys received for the fund from any other source. All moneys in the fund shall be mingled and undivided. Subject to the provisions of this chapter, the governor is vested with full power, authority and jurisdiction over the fund, including all moneys and property or securities belonging thereto, and may perform any and all acts whether or not specifically designated, which are necessary to the administration thereof and are consistent with the provisions of this chapter.

(2) The OASI contribution fund shall be established and held separate and apart from any other funds of the state and shall be used and administered exclusively for the purpose of this chapter. Withdrawals from such fund shall be made for, and solely for (a) payment of amounts required to be paid to the secretary of the treasury pursuant to an agreement entered into under RCW 41.48.030; (b) payment of refunds provided for in RCW 41.48.040(3); and (c) refunds of overpayments, not otherwise adjustable, made by a political subdivision or instrumentality.

(3) From the OASI contribution fund the custodian of the fund shall pay to the secretary of the treasury such amounts and at such time or times as may be directed by the governor in accordance with any agreement entered into under RCW 41.48.030 and the social security act.

(4) The treasurer of the state shall be ex officio treasurer and custodian of the OASI contribution fund and shall administer such fund in accordance with the provisions of this chapter and the directions of the governor and shall pay all warrants drawn upon it in accordance with the provisions of this section and with the regulations as the governor may prescribe pursuant thereto.

Sec. 15. Section 43.85.010, chapter 8, Laws of 1965 as amended by section 14, chapter 193, Laws of 1969 ex. sess. and RCW 43.85.010 are each amended to read as follows:

Any national or state banking corporation, or other incorporated bank, or branch banks or branches thereof, authorized to do business in the state and approved by the ((state finance committee)) Public Deposit Protection Commission, may, upon segregating ((security)) collateral as provided in RCW 39.58.050 as now or hereafter amended and upon compliance with all other requirements of law, become a qualified public depositary.

No state funds shall be deposited in any institution other than a qualified public depositary.

The record of the proceedings of the ((committee)) Commission
shall be kept in the office of the commission and a duly certified copy thereof, or any part thereof, shall be admissible in evidence in any action or proceeding in any court of this state.

Sec. 16. Section 43.85.030, chapter 8, Laws of 1965 as last amended by section 15, chapter 193, Laws of 1969 ex. sess. and RCW 43.85.030 are each amended to read as follows:

Every qualified public depositary, before it shall be entitled to receive any state moneys, shall segregate eligible securities for collateral as provided in RCW 39.58.050 as now or hereafter amended ((securities hereinafter enumerated as collateral and pledge for payment of all such moneys deposited with it and of interest on any portion thereof representing investment deposits at the rate fixed by the public deposit protection commission, if there has been no default in the payment of principal or interest thereon;

1. Bonds, notes, or other securities constituting direct and general obligations of the United States or the bonds, notes, or other securities constituting the direct and general obligation of any instrumentality of the United States, the interest and principal of which is unconditionally guaranteed by the United States;

2. a) Direct and general obligation bonds and warrants of the state of Washington or of any other state of the United States;

b) Revenue bonds of this state or any authority, board or committee or similar agency thereof;

3) Direct and general obligation bonds and warrants of any city, town, county, school district, port district, or other political subdivision of the state, having the power to levy general taxes, which are payable from general ad valorem taxes;

4) Bonds issued by public utility districts as authorized under the provisions of Title 54, as now or hereafter amended;

5) Bonds of any city of the state of Washington for the payment of which the entire revenues of the city's water system, power and light system, or both, less maintenance and operating costs, are irrevocably pledged, even though such bonds are not general obligations of such city; PROVIDED, That the state finance committee need not approve for segregation any collateral described in this subsection if in its judgment it is not desirable so to do;

6) In addition to the foregoing, every state depositary may also segregate such bonds, securities and other obligations as are designated to be authorized security for all public deposits pursuant to RCW 35.58.540; 35.81.448; 35.81.220; 39.60.030; 39.60.040 and 54.24.120; as now or hereafter amended.

The finance committee may require the state auditor or the supervisor of banking to thoroughly investigate and report to it concerning the condition of any bank which makes application to become a qualified public depositary for state funds, and may also as
often as it deems necessary require such investigation and report
concerning the condition of any bank which has been designated as
such depository; the expense of the investigation to be borne by the
depository examined).

NEW SECTION. Sec. 17. There is added to chapter 7, Laws of
1965 and to chapter 35.38 RCW a new section to read as follows:
Each such bank shall segregate eligible securities as
collateral in accordance with RCW 39.58.050 as now or hereafter
amended.

NEW SECTION. Sec. 18. The following acts or parts of acts
are each hereby repealed:
(1) Section 35.38.020, chapter 7, Laws of 1965, section 5,
chapter 132, Laws of 1967, section 2, chapter 28, Laws of 1969,
section 23, chapter 193, Laws of 1969 ex. sess. and RCW 35.38.020;
(2) Section 43.85.040, chapter 8, Laws of 1965, section 16,
chapter 193, Laws of 1969 ex. sess. and RCW 43.85.040;
(3) Section 43.85.060, chapter 8, Laws of 1965, section 17,
chapter 193, Laws of 1969 ex. sess., section 1, chapter 72, Laws of
1971 ex. sess. and RCW 43.85.060;
(4) Section 43.85.150, chapter 8, Laws of 1965, section 2,
chapter 132, Laws of 1967, section 19, chapter 193, Laws of 1969 and
RCW 43.85.150; and
(5) Section 43.85.170, chapter 8, Laws of 1965, section 20,

NEW SECTION. Sec. 19. This 1973 amendatory act is necessary
for the immediate preservation of the public peace, health and
safety, the support of the state government and its existing public
institutions, and shall take effect immediately.

Passed the Senate February 27, 1973.
Approved by the Governor March 19, 1973.
Filed in Office of Secretary of State March 19, 1973.

--------------
CHAPTER 127
[Substitute House Bill No. 497]
LEGISLATIVE BUDGET COMMITTEE--TEACHERS', PUBLIC EMPLOYEES' RETIREMENT
SYSTEMS MERGER STUDY--APPROPRIATION

AN ACT Relating to the legislative budget committee; making an
appropriation; creating new sections; and declaring an
emergency.

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

NEW SECTION. Section 1. FOR THE LEGISLATIVE BUDGET COMMITTEE