

government and its existing public institutions, and shall take effect immediately.

Passed the House February 14, 1986.

Passed the Senate March 1, 1986.

Approved by the Governor March 12, 1986.

Filed in Office of Secretary of State March 12, 1986.

## CHAPTER 69

[Substitute House Bill No. 2011]

### INSURANCE AGENTS, SOLICITORS, BROKERS—FUNDS REPRESENTING PREMIUMS OR RETURN PREMIUMS—SEPARATE FUNDS

AN ACT Relating to funds of insurance brokers, agents, and solicitors; adding a new section to chapter 48.17 RCW; prescribing penalties; and providing an effective date.

Be it enacted by the Legislature of the State of Washington:

**NEW SECTION.** Sec. 1. A new section is added to chapter 48.17 RCW to read as follows:

(1) All funds representing premiums or return premiums received by an agent, solicitor or broker in his or her fiduciary capacity shall be accounted for and maintained in a separate account from all other business and personal funds.

(2) An agent, solicitor or broker shall not commingle or otherwise combine premiums with any other moneys, except as provided in subsection (3) of this section.

(3) An agent, solicitor or broker may commingle with premium funds any additional funds as he or she may deem prudent for the purpose of advancing premiums, establishing reserves for the paying of return premiums, or for any contingencies as may arise in his or her business of receiving and transmitting premium or return premium funds.

(4) Each wilful violation of this section shall constitute a misdemeanor.

**NEW SECTION.** Sec. 2. This act shall take effect on January 1, 1987.

Passed the House February 17, 1986.

Passed the Senate March 3, 1986.

Approved by the Governor March 12, 1986.

Filed in Office of Secretary of State March 12, 1986.

## CHAPTER 70

[Engrossed Substitute House Bill No. 1892]

### TELECOMMUNICATION SERVICES—TAXATION BY CITIES

AN ACT Relating to the taxation of telecommunications services by cities; amending RCW 35.21.714 and 35A.82.060; adding new sections to chapter 35.21 RCW; adding new sections to chapter 35A.82 RCW; and providing an effective date.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. Section 10, chapter 144, Laws of 1981 as amended by section 37, chapter 3, Laws of 1983 2nd ex. sess. and RCW 35.21.714 are each amended to read as follows:

Any city which imposes a license fee or tax upon the business activity of engaging in the telephone business, as defined in RCW 82.04.065, which is measured by gross receipts or gross income may impose the fee or tax, if it desires, on one hundred percent of the total gross revenue derived from intrastate toll telephone services subject to the fee or tax: PROVIDED, That the city shall not impose the fee or tax on that portion of network telephone service, as defined in RCW 82.04.065, which represents charges to another telecommunications company, as defined in RCW 80.04.010, for connecting fees, switching charges, or carrier access charges relating to intrastate toll telephone services, or for access to, or charges for, interstate services ((for which rates are contained in tariffs filed with the federal communications commission)).

NEW SECTION. Sec. 2. A new section is added to chapter 35.21 RCW to read as follows:

Notwithstanding RCW 35.21.714 or 35A.82.060, any city or town which imposes a tax upon business activities measured by gross receipts or gross income from sales, may impose such tax on that portion of network telephone service, as defined in RCW 82.04.065, which represents charges to another telecommunications company, as defined in RCW 80.04.010, for connecting fees, switching charges, or carrier access charges relating to intrastate toll services. Such tax shall be levied at the same rate as is applicable to other competitive telephone service as defined in RCW 82.04.065.

NEW SECTION. Sec. 3. A new section is added to chapter 35.21 RCW to read as follows:

A city or town required by RCW 35.21.870(2) to reduce its rate of taxation on telephone business may defer for one year the required reduction in rates for the year 1987. If the delay in rate reductions authorized by the preceding sentence is inadequate for a city or town to offset the impact of revenue reductions arising from the removal of revenues from connecting fees, switching charges, or carrier access charges under the provisions of RCW 35.21.714, then the legislative body of such city or town may reimpose for 1987 the rates that such city or town had in effect upon telephone business during 1985. In each succeeding year, the city or town shall reduce the rate by one-tenth of the difference between the tax rate on April 20, 1982, and six percent.

Sec. 4. Section 11, chapter 144, Laws of 1981 as amended by section 38, chapter 3, Laws of 1983 2nd ex. sess. and RCW 35A.82.060 are each amended to read as follows:

Any code city which imposes a license fee or tax upon the business activity of engaging in the telephone business, as defined in RCW 82.04.065, which is measured by gross receipts or gross income may impose the fee or tax, if it desires, on one hundred percent of the total gross revenue derived from intrastate toll telephone services subject to the fee or tax: **PROVIDED**, That the city shall not impose the fee or tax on that portion of network telephone service, as defined in RCW 82.04.065, which represents charges to another telecommunications company, as defined in RCW 80.04.010, for connecting fees, switching charges, or carrier access charges relating to intrastate toll telephone services, or for access to, or charges for, interstate services ((for which rates are contained in tariffs filed with the federal communications commission)).

**NEW SECTION.** Sec. 5. A new section is added to chapter 35A.82 RCW to read as follows:

Notwithstanding RCW 35.21.714 or 35A.82.060, any city or town which imposes a tax upon business activities measured by gross receipts or gross income from sales, may impose such tax on that portion of network telephone service, as defined in RCW 82.04.065, which represents charges to another telecommunications company, as defined in RCW 80.04.010, for connecting fees, switching charges, or carrier access charges relating to intrastate toll services. Such tax shall be levied at the same rate as is applicable to other competitive telephone service as defined in RCW 82.04.065.

**NEW SECTION.** Sec. 6. A new section is added to chapter 35A.82 RCW to read as follows:

A city or town required by RCW 35.21.870(2) to reduce its rate of taxation on telephone business may defer for one year the required reduction in rates for the year 1987. If the delay in rate reductions authorized by the preceding sentence is inadequate for a code city to offset the impact of revenue reductions arising from the removal of revenues from connecting fees, switching charges, or carrier access charges under the provisions of RCW 35A.82.060, then the legislative body of such code city may reimpose for 1987 the rates that such code city had in effect upon telephone business during 1985. In each succeeding year, the city or town shall reduce the rate by one-tenth of the difference between the tax rate on April 20, 1982, and six percent.

**NEW SECTION.** Sec. 7. The joint select committee on telecommunications shall study the degree to which cities and towns are able to uniformly assess their telephone business utility taxes upon all similarly taxable events within the individual jurisdiction. Such study shall assess how local utility taxes may be implemented to apply equally to similarly located customers served by competing intrastate toll service providers. The study shall determine if state agencies may be of assistance to cities and towns in identifying the providers of telephone services which are subject to locally levied

utility taxes. The committee shall report its findings and recommendations to the legislature by January 1, 1987.

NEW SECTION. Sec. 8. Sections 1, 2, 4, and 5 of this act shall take effect on January 1, 1987.

Passed the House February 15, 1986.

Passed the Senate March 3, 1986.

Approved by the Governor March 12, 1986.

Filed in Office of Secretary of State March 12, 1986.

CHAPTER 71

[House Bill No. 1482]

WATERCRAFT—CERTIFICATES OF TITLE OR REGISTRATION

AN ACT Relating to watercraft; and adding a new section to chapter 88.02 RCW.

Be it enacted by the Legislature of the State of Washington:

NEW SECTION. Sec. 1. A new section is added to chapter 88.02 RCW to read as follows:

(1) If a certificate of title, a certificate of registration, or a pair of decals is lost, stolen, mutilated, or destroyed or becomes illegible, the first priority secured party or, if none, the owner or legal representative of the owner named in the certificate, as shown by the records of the department, shall promptly apply for and may obtain a duplicate certificate or replacement decals upon payment of one dollar and furnishing information satisfactory to the department.

(a) An application for a duplicate certificate of title shall be accompanied by an affidavit of loss or destruction in a form approved by the department and signed by the first secured party or, if none, the owner or legal representative of the owner.

(b) An application for a duplicate certificate of registration or replacement decals shall be accompanied by an affidavit of loss or destruction in a form approved by the department and signed by the registered owner or legal representative of the owner.

(2) The duplicate certificate of title or registration shall contain the legend, "This is a duplicate certificate." It shall be mailed to the first priority secured party named in it or, if none, to the owner.

(3) A person recovering an original certificate of title, certificate of registration, or decal for which a duplicate or replacement has been issued shall promptly surrender the original to the department.

Passed the House February 13, 1986.

Passed the Senate March 3, 1986.

Approved by the Governor March 12, 1986.

Filed in Office of Secretary of State March 12, 1986.