

TWENTY THIRD DAY

House Chamber, Olympia, Wednesday, May 18, 2011

The House was called to order at 9:55 a.m. by the Speaker (Representative Dunshee presiding).

Reading of the Journal of the previous day was dispensed with and it was ordered to stand approved.

MESSAGE FROM THE SENATE

May 17, 2011

MR. SPEAKER:

The Senate has passed:

ENGROSSED SUBSTITUTE SENATE BILL 5542
ENGROSSED SUBSTITUTE SENATE BILL 5931

and the same are herewith transmitted.

Brad Hendrickson, Deputy Secretary

INTRODUCTIONS AND FIRST READING

ESSB 5542 by Senate Committee on Ways & Means (originally sponsored by Senators Delvin, Prentice, Honeyford, Hatfield, Schoesler, Hobbs and Hewitt)

AN ACT Relating to establishing special license endorsements for cigar lounges and retail tobacconist shops; amending RCW 70.160.060; and adding new sections to chapter 82.26 RCW.

Referred to Committee on Ways & Means.

2ESB 5638 by Senators Keiser, Fain, Prentice and Shin

AN ACT Relating to the exemption of certain taxing districts; amending RCW 84.52.010, 84.52.010, 84.52.120, and 84.52.--; creating a new section; providing contingent effective dates; and providing an expiration date.

SSB 5912 by Senate Committee on Ways & Means (originally sponsored by Senators Keiser, Pflug, Kohl-Welles and Kline)

AN ACT Relating to the expansion of family planning services to two hundred fifty percent of the federal poverty level; amending RCW 74.09.659; adding a new section to chapter 74.09 RCW; and creating a new section.

Referred to Committee on Ways & Means.

ESSB 5931 by Senate Committee on Ways & Means (originally sponsored by Senators Baumgartner and Zarelli)

AN ACT Relating to reorganizing and streamlining central service functions, powers, and duties of state government; amending RCW 43.17.010, 43.17.020, 42.17A.705, 42.17.2401, 43.19.011, 43.19.025, 43.19.035, 43.19.125, 43.19.180, 43.19.185, 43.19.190, 43.19.1905, 43.19.19052,

43.19.1906, 43.19.1908, 43.19.1913, 43.19.1915, 43.19.1917, 43.19.1919, 43.19.19191, 43.19.1920, 43.19.19201, 43.19.1921, 43.19.1932, 43.19.200, 43.19.455, 43.19.500, 43.19.501, 43.19.530, 43.19.534, 43.19.538, 43.19.539, 43.19.560, 43.19.565, 43.19.585, 43.19.600, 43.19.610, 43.19.620, 43.19.635, 43.19.646, 43.19.663, 43.19.685, 43.19.702, 43.19.704, 43.19.708, 43.19.710, 19.27.070, 19.27A.140, 39.34.055, 39.35.030, 39.35C.010, 39.35D.020, 43.19A.010, 43.19A.022, 39.32.035, 43.01.225, 43.82.120, 43.82.125, 43.99H.070, 73.24.020, 1.08.039, 28A.300.040, 28B.10.029, 40.06.030, 43.08.061, 41.06.020, 41.06.076, 41.06.080, 41.06.093, 41.06.110, 41.06.120, 41.06.142, 41.06.152, 41.06.167, 41.06.169, 41.06.170, 41.06.220, 41.06.260, 41.06.270, 41.06.280, 41.06.285, 41.06.350, 41.06.395, 41.06.400, 41.06.410, 41.06.420, 41.06.476, 41.06.490, 41.06.510, 41.06.530, 34.05.030, 41.04.340, 41.04.385, 41.04.395, 41.04.670, 41.04.680, 41.04.685, 41.04.720, 41.04.770, 41.07.020, 41.07.030, 41.60.015, 41.80.005, 41.80.020, 42.16.010, 42.17.370, 43.01.040, 43.01.135, 43.03.028, 43.03.120, 43.03.130, 43.06.013, 43.06.410, 43.06.425, 43.33A.100, 43.130.060, 43.131.090, 48.37.060, 49.46.010, 49.74.020, 49.74.030, 49.90.010, 50.13.060, 28A.345.060, 28A.400.201, 34.12.100, 36.21.011, 41.04.020, 41.04.460, 41.60.050, 41.68.030, 41.68.040, 41.68.050, 47.28.251, 43.41.290, 43.41.300, 43.41.310, 43.41.320, 43.41.330, 43.41.340, 43.41.360, 43.41.370, 43.41.380, 43.41.110, 4.92.006, 4.92.040, 4.92.130, 4.92.150, 4.92.160, 4.92.210, 4.92.270, 4.92.280, 10.92.020, 48.62.021, 48.64.010, 39.29.011, 39.29.016, 39.29.018, 39.29.025, 39.29.055, 39.29.065, 39.29.075, 39.29.090, 39.29.100, 39.29.110, 39.29.120, 43.88.580, 43.105.080, 43.105.320, 43.105.370, 43.105.372, 43.105.374, 43.105.376, 43.105.380, 43.105.382, 43.105.390, 43.105.400, 41.07.030, 43.99L.040, 43.105.835, 43.105.290, 28A.650.015, 40.14.020, 42.17.460, 42.17.467, 42.17.469, 42.17.471, 42.17A.060, 43.88.092, 43.105.410, 43.105.020, 43.105.047, 43.105.052, 43.19.190, 43.105.057, 43.105.060, 19.34.231, 19.34.420, 46.20.157, 2.36.054, 29A.08.760, 43.63A.550, 41.80.020, 43.41.400, 44.48.090, 28A.300.500, 28A.300.507, 28A.655.210, and 28A.657.110; reenacting and amending RCW 41.06.133, 41.06.150, 41.04.665, 42.17A.110, 49.46.010, 39.29.068, 39.94.040, and 41.06.070; adding new sections to chapter 43.19 RCW; adding new sections to chapter 41.06 RCW; adding a new section to chapter 43.09 RCW; adding new sections to chapter 43.41 RCW; adding new sections to chapter 43.330 RCW; adding new sections to chapter 43.105 RCW; adding a new section to chapter 44.48 RCW; adding a new section to chapter 41.80 RCW; adding a new chapter to Title 43 RCW; creating new sections; recodifying RCW 43.78.130, 43.78.140, 43.78.150, 43.78.160, 43.41.280, 43.41.290, 43.41.300, 43.41.310, 43.41.320, 43.41.330, 43.41.340, 43.41.350, 43.41.360, 43.105.080, 43.105.320, 43.105.410, 43.105.370, 43.105.372, 43.105.374, 43.105.376, 43.105.380, 43.105.382, 43.105.390, 43.105.400, 43.105.052, 43.105.052, 43.105.172, 43.105.250, 43.105.260, 43.105.270, 43.105.280, 43.105.290, 43.105.310, and

43.105.835; decodifying RCW 43.19.123, 41.06.136, 43.31.086, 41.80.900, 41.80.901, 41.80.902, 41.80.903, and 41.80.904; repealing RCW 43.19.010, 43.19.1923, 43.19.1925, 43.19.590, 43.19.595, 43.19.615, 43.19.675, 43.19.680, 43.78.010, 43.78.020, 43.78.030, 43.78.040, 43.78.050, 43.78.070, 43.78.080, 43.78.090, 43.78.100, 43.78.105, 43.78.110, 43.78.170, 15.24.085, 15.62.190, 16.67.170, 40.04.030, 40.07.050, 41.06.030, 41.06.111, 41.06.130, 41.06.139, 41.06.480, 41.07.900, 43.105.300, 43.105.360, 43.41.405, 43.105.005, 43.105.013, 43.105.019, 43.105.032, 43.105.041, 43.105.095, 43.105.105, 43.105.160, 43.105.170, 43.105.180, 43.105.190, 43.105.200, 43.105.210, 43.105.330, 43.105.805, 43.105.815, and 43.105.820; repealing 2010 c 271 s 301; providing effective dates; and providing expiration dates.

Referred to Committee on Ways & Means.

There being no objection, the bills listed on the day's introduction sheet under the fourth order of business were referred to the committees so designated, with the exception of SECOND ENGROSSED SENATE BILL NO. 5638 which was read the first time, and under suspension of the rules, was placed on the second reading calendar.

REPORTS OF STANDING COMMITTEES

May 17, 2011

SSJR 8215 Prime Sponsor, Committee on Ways & Means:
Concerning the debt reduction act of 2011.
Reported by Committee on Capital Budget

MAJORITY recommendation: Do pass as amended.

Beginning on page 1, line 1, strike all material through "state." on page 5, line 18 and insert the following:

"BE IT RESOLVED, BY THE SENATE AND HOUSE OF REPRESENTATIVES OF THE STATE OF WASHINGTON, IN LEGISLATIVE SESSION ASSEMBLED:

THAT, At the next general election to be held in this state the secretary of state shall submit to the qualified voters of the state for their approval and ratification, or rejection, an amendment to Article VIII, section 1 of the Constitution of the state of Washington to read as follows:

Article VIII, section 1. (a) The state may contract debt, the principal of which shall be paid and discharged within thirty years from the time of contracting thereof, in the manner set forth herein.

(b) The aggregate debt contracted by the state, as calculated by the treasurer at the time debt is contracted, shall not exceed that amount for which payments of principal and interest in any fiscal year would require the state to expend more than ~~((nine percent of))~~ the applicable percentage limit of the arithmetic mean of its general state revenues for the ((three immediately preceding fiscal years)) applicable calculation period as certified by the treasurer. The term "applicable percentage limit" means nine percent through and including June 30, 2017; and eight and one-half percent from July 1, 2017, and thereafter. The term "applicable calculation period" means the three immediately preceding fiscal years when contracting debt prior to July 1, 2015, and the ten immediately preceding fiscal years when contracting debt on and after July 1, 2015. The term "fiscal year" means that period of time commencing July 1 of any year and ending on June 30 of the following year.

(c) The term "general state revenues" when used in this section, shall include all state money received in the treasury from each and

every source ~~((whatsoever except))~~, including, beginning July 1, 2015, moneys received from ad valorem taxes levied by the state and deposited in the general fund in each fiscal year in the applicable calculation period, but not including: (1) Fees and other revenues derived from the ownership or operation of any undertaking, facility, or project; (2) Moneys received as gifts, grants, donations, aid, or assistance or otherwise from the United States or any department, bureau, or corporation thereof, or any person, firm, or corporation, public or private, when the terms and conditions of such gift, grant, donation, aid, or assistance require the application and disbursement of such moneys otherwise than for the general purposes of the state of Washington; (3) Moneys to be paid into and received from retirement system funds, and performance bonds and deposits; (4) Moneys to be paid into and received from trust funds including but not limited to moneys received from taxes levied for specific purposes and required to be deposited for those purposes into specified funds or accounts other than the general fund, and including the several permanent and irreducible funds of the state and the moneys derived therefrom but excluding bond redemption funds; (5) Proceeds received from the sale of bonds or other evidences of indebtedness.

(d) ~~((In computing))~~ For purposes of this section, including the computation of the amount required for payment of principal and interest on outstanding debt under this section, debt shall be construed to mean borrowed money represented by bonds, notes, or other evidences of indebtedness which are secured by the full faith and credit of the state or are required to be repaid, directly or indirectly, from general state revenues and which are incurred by the state, any department, authority, public corporation, or quasi public corporation of the state, any state university or college, or any other public agency created by the state but not by counties, cities, towns, school districts, or other municipal corporations, but shall not include obligations for the payment of current expenses of state government, nor shall it include debt hereafter incurred pursuant to section 3 of this article, obligations guaranteed as provided for in subsection (g) of this section, principal of bond anticipation notes or obligations issued to fund or refund the indebtedness of the Washington state building authority. In addition, for the purpose of computing the amount required for payment of interest on outstanding debt under subsection (b) of this section and this subsection, "interest" shall be reduced by subtracting the amount scheduled to be received by the state as payments from the federal government in each year in respect of bonds, notes, or other evidences of indebtedness subject to this section.

(e) The state may pledge the full faith, credit, and taxing power of the state to guarantee the voter approved general obligation debt of school districts in the manner authorized by the legislature. Any such guarantee does not remove the debt obligation of the school district and is not state debt.

(f) The state may, without limitation, fund or refund, at or prior to maturity, the whole or any part of any existing debt or of any debt hereafter contracted pursuant to section 1, section 2, or section 3 of this article, including any premium payable with respect thereto and interest thereon, or fund or refund, at or prior to maturity, the whole or any part of any indebtedness incurred or authorized prior to the effective date of this amendment by any entity of the type described in subsection (h) of this section, including any premium payable with respect thereto and any interest thereon. Such funding or refunding shall not be deemed to be contracting debt by the state.

(g) Notwithstanding the limitation contained in subsection (b) of this section, the state may pledge its full faith, credit, and taxing power to guarantee the payment of any obligation payable from revenues received from any of the following sources: (1) Fees collected by the state as license fees for motor vehicles; (2) Excise taxes collected by the state on the sale, distribution or use of motor vehicle fuel; and (3) Interest on the permanent common school fund: *Provided*, That the legislature shall, at all times, provide sufficient

revenues from such sources to pay the principal and interest due on all obligations for which said source of revenue is pledged.

(h) No money shall be paid from funds in custody of the treasurer with respect to any debt contracted after the effective date of this amendment by the Washington state building authority, the capitol committee, or any similar entity existing or operating for similar purposes pursuant to which such entity undertakes to finance or provide a facility for use or occupancy by the state or any agency, department, or instrumentality thereof.

(i) The legislature shall prescribe all matters relating to the contracting, funding or refunding of debt pursuant to this section, including: The purposes for which debt may be contracted; by a favorable vote of three-fifths of the members elected to each house, the amount of debt which may be contracted for any class of such purposes; the kinds of notes, bonds, or other evidences of debt which may be issued by the state; and the manner by which the treasurer shall determine and advise the legislature, any appropriate agency, officer, or instrumentality of the state as to the available debt capacity within the limitation set forth in this section. The legislature may delegate to any state officer, agency, or instrumentality any of its powers relating to the contracting, funding or refunding of debt pursuant to this section except its power to determine the amount and purposes for which debt may be contracted.

(j) To promote stability and predictability during times of economic change, the legislature shall establish an advisory debt limit. The advisory debt limit shall be based on a limit equal to one-half of one percentage point below the applicable percentage limit in subsection (b) of this section, but the advisory limit may be adjusted to reflect changes in economic trends and conditions.

(k) The full faith, credit, and taxing power of the state of Washington are pledged to the payment of the debt created on behalf of the state pursuant to this section and the legislature shall provide by appropriation for the payment of the interest upon and installments of principal of all such debt as the same falls due, but in any event, any court of record may compel such payment.

~~((4))~~ (l) Notwithstanding the limitations contained in subsection (b) of this section, the state may issue certificates of indebtedness in such sum or sums as may be necessary to meet temporary deficiencies of the treasury, to preserve the best interests of the state in the conduct of the various state institutions, departments, bureaus, and agencies during each fiscal year; such certificates may be issued only to provide for appropriations already made by the legislature and such certificates must be retired and the debt discharged other than by refunding within twelve months after the date of incurrence.

~~((4))~~ (m) Bonds, notes, or other obligations issued and sold by the state of Washington pursuant to and in conformity with this article shall not be invalid for any irregularity or defect in the proceedings of the issuance or sale thereof and shall be incontestable in the hands of a bona fide purchaser or holder thereof.

BE IT FURTHER RESOLVED, That the statement of subject and concise description for the ballot title of this constitutional amendment shall read "The legislature has proposed a constitutional amendment on reducing one type of state debt. This amendment would lower the constitutional debt limit for "full faith and credit" bonds, increase the averaging period to ten years, and include the state property tax in the debt limit calculation."

BE IT FURTHER RESOLVED, That the secretary of state shall cause notice of this constitutional amendment to be published at least four times during the four weeks next preceding the election in every legal newspaper in the state."

Signed by Representatives Dunshee, Chair; Ormsby, Vice Chair; Warnick, Ranking Minority Member; Asay; Moeller and Pearson.

MINORITY recommendation: Do not pass. Signed by Representatives Zeiger, Assistant Ranking Minority Member; Jinkins; Lytton; Smith and Tharinger.

There being no objection, SUBSTITUTE SENATE JOINT RESOLUTION NO. 8215 was placed on the second reading calendar.

There being no objection, the House advanced to the eleventh order of business.

There being no objection, the House adjourned until 9:55 a.m., May 20, 2011, the 25th Day of the 1st Special Session.

FRANK CHOPP, Speaker

BARBARA BAKER, Chief Clerk

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