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## ONE HUNDRED FIRST DAY

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House Chamber, Olympia, Wednesday, April 24, 2013

The House was called to order at 10:00 a.m. by the Speaker (Representative Moeller presiding). The Clerk called the roll and a quorum was present.

The flags were escorted to the rostrum by a Sergeant at Arms Color Guard, Pages Raelinda Locke and Eli Bernstein. The Speaker (Representative Moeller presiding) led the Chamber in the Pledge of Allegiance. The prayer was offered by Pastor Jo Lembo, Generations Church, Olympia, Washington.

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

### MESSAGES FROM THE SENATE

April 23, 2013

MR. SPEAKER: The Senate has passed ENGROSSED SUBSTITUTE SENATE BILL NO. 5895 and the same is herewith transmitted.

Hunter G. Goodman, Secretary

April 23, 2013

MR. SPEAKER:

The Senate concurred in the House amendment(s) to the following bills and passed the bills as amended by the House:

SENATE BILL NO. 5092  
ENGROSSED SENATE BILL NO. 5099  
SENATE BILL NO. 5102  
ENGROSSED SENATE BILL NO. 5104  
ENGROSSED SENATE BILL NO. 5105  
SENATE BILL NO. 5113  
SUBSTITUTE SENATE BILL NO. 5135  
SENATE BILL NO. 5136  
SENATE BILL NO. 5145  
SUBSTITUTE SENATE BILL NO. 5148  
ENGROSSED SENATE BILL NO. 5206  
ENGROSSED SECOND SUBSTITUTE SENATE BILL NO. 5215  
SENATE BILL NO. 5220  
SUBSTITUTE SENATE BILL NO. 5256  
SUBSTITUTE SENATE BILL NO. 5308  
SUBSTITUTE SENATE BILL NO. 5369  
ENGROSSED SECOND SUBSTITUTE SENATE BILL NO. 5389  
SUBSTITUTE SENATE BILL NO. 5399  
SUBSTITUTE SENATE BILL NO. 5459  
SENATE BILL NO. 5465  
ENGROSSED SUBSTITUTE SENATE BILL NO. 5480  
SUBSTITUTE SENATE BILL NO. 5507  
SUBSTITUTE SENATE BILL NO. 5556  
SUBSTITUTE SENATE BILL NO. 5630  
SENATE BILL NO. 5674  
SENATE BILL NO. 5692  
ENGROSSED SENATE BILL NO. 5699  
ENGROSSED SUBSTITUTE SENATE BILL NO. 5723  
SENATE BILL NO. 5748  
SENATE JOINT MEMORIAL NO. 8001  
ENGROSSED SUBSTITUTE SENATE CONCURRENT  
RESOLUTION NO. 8401

and the same are herewith transmitted.

Hunter G. Goodman, Secretary

April 23, 2013

MR. SPEAKER:

The President has signed:

ENGROSSED SUBSTITUTE SENATE BILL NO. 5082  
ENGROSSED SUBSTITUTE SENATE BILL NO. 5153  
SUBSTITUTE SENATE BILL NO. 5227  
SUBSTITUTE SENATE BILL NO. 5282  
ENGROSSED SENATE BILL NO. 5305  
SUBSTITUTE SENATE BILL NO. 5315  
ENGROSSED SUBSTITUTE SENATE BILL NO. 5324  
SENATE BILL NO. 5344  
SENATE BILL NO. 5417  
SUBSTITUTE SENATE BILL NO. 5437  
SENATE BILL NO. 5472  
ENGROSSED SUBSTITUTE SENATE BILL NO. 5491  
SUBSTITUTE SENATE BILL NO. 5615  
ENGROSSED SENATE BILL NO. 5616  
ENGROSSED SUBSTITUTE SENATE BILL NO. 5709  
SUBSTITUTE SENATE BILL NO. 5761  
SUBSTITUTE SENATE BILL NO. 5767  
SUBSTITUTE SENATE BILL NO. 5786

and the same are herewith transmitted.

Hunter G. Goodman, Secretary

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

### INTRODUCTIONS AND FIRST READING

EHB 2056 by Representatives Hurst and Condotta

AN ACT Relating to correcting the definition of THC concentration as adopted by Initiative Measure No. 502 to avoid an implication that conversion, by combustion, of tetrahydrocannabinol acid into delta-9 tetrahydrocannabinol is not part of the THC content that differentiates marijuana from hemp; amending RCW 69.50.101; and declaring an emergency.

Referred to Committee on Government Accountability & Oversight.

E2SSB 5296 by Senate Committee on Ways & Means (originally sponsored by Senators Ericksen, Baumgartner, Rivers, Bailey, Delvin and Honeyford)

AN ACT Relating to the model toxics control act; amending RCW 70.105D.020, 70.105D.030, 70.105D.040, 70.105D.050, and 70.105.280; reenacting and amending RCW 70.105D.070, 43.84.092, and 43.84.092; adding new sections to chapter 70.105D RCW; adding a new section to chapter 70.105 RCW; creating new sections; providing an effective date; providing a contingent effective date; providing a contingent expiration date; and declaring an emergency.

Referred to Committee on Environment.

SSB 5898 by Senate Committee on Ways & Means (originally sponsored by Senators Hill and Hargrove)

AN ACT Relating to increasing education funding, including adjusting school district levy and state levy equalization provisions; amending RCW 28A.150.260, 28A.160.192, 84.52.0531, 28A.500.020, and 28A.500.030; reenacting and amending RCW 84.52.0531; adding a new section to chapter 28A.150 RCW; providing effective dates; and providing an expiration date.

Referred to Committee on Appropriations.

ESB 5903 by Senators Braun and Holmquist Newbry

AN ACT Relating to funding the family and medical leave insurance act; amending RCW 49.86.030; creating a new section; repealing RCW 49.86.005, 49.86.010, 49.86.020, 49.86.030, 49.86.040, 49.86.050, 49.86.060, 49.86.070, 49.86.080, 49.86.090, 49.86.100, 49.86.110, 49.86.120, 49.86.130, 49.86.140, 49.86.150, 49.86.160, 49.86.170, 49.86.180, 49.86.210, 49.86.900, 49.86.901, 49.86.902, and 49.86.903; and providing a contingent effective date.

Referred to Committee on Labor & Workforce Development.

ESSB 5905 by Senate Committee on Ways & Means (originally sponsored by Senators Hill and Hargrove)

AN ACT Relating to modifying employee eligibility for health insurance benefits consistent with the employer shared responsibility provisions of the patient protection and affordable care act; amending RCW 41.05.065; adding a new section to chapter 28A.400 RCW; adding a new section to chapter 41.05 RCW; and creating a new section.

Referred to Committee on Appropriations.

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.

#### REPORTS OF STANDING COMMITTEES

April 22, 2013

HB 1129 Prime Sponsor, Representative Morris: Concerning ferry vessel replacement. Reported by Committee on Transportation

MAJORITY recommendation: The substitute bill be substituted therefor and the substitute bill do pass. Signed by Representatives Clibborn, Chair; Fey, Vice Chair; Liias, Vice Chair; Moscoso, Vice Chair; Bergquist; Farrell; Fitzgibbon; Habib; Johnson; Moeller; Morris; Riccelli; Ryu; Sells; Takko; Tarleton and Upthegrove.

MINORITY recommendation: Do not pass. Signed by Representatives Orcutt, Ranking Minority Member; Hargrove, Assistant Ranking Minority Member; Overstreet, Assistant Ranking Minority Member; Angel; Hayes; Klippert; Kochmar; Kretz; Kristiansen; O'Ban; Rodne; Shea and Zeiger.

Passed to Committee on Rules for second reading.

April 22, 2013

HB 1956 Prime Sponsor, Representative Clibborn: Authorizing bonds for transportation funding. Reported by Committee on Transportation

MAJORITY recommendation: The substitute bill be substituted therefor and the substitute bill do pass. Signed by Representatives Clibborn, Chair; Fey, Vice Chair; Liias, Vice Chair; Moscoso, Vice Chair; Bergquist; Farrell; Fitzgibbon; Habib; Moeller; Morris; Riccelli; Ryu; Sells; Takko; Tarleton and Upthegrove.

MINORITY recommendation: Do not pass. Signed by Representatives Orcutt, Ranking Minority Member; Hargrove, Assistant Ranking Minority Member; Overstreet, Assistant Ranking Minority Member; Angel; Hayes; Johnson; Klippert; Kochmar; Kretz; Kristiansen; O'Ban; Rodne; Shea and Zeiger.

Passed to Committee on Rules for second reading.

April 22, 2013

HB 1975 Prime Sponsor, Representative Moeller: Authorizing bonds for the financing of the Columbia river crossing project. Reported by Committee on Transportation

MAJORITY recommendation: The substitute bill be substituted therefor and the substitute bill do pass. Signed by Representatives Clibborn, Chair; Fey, Vice Chair; Liias, Vice Chair; Moscoso, Vice Chair; Bergquist; Farrell; Fitzgibbon; Habib; Moeller; Morris; Riccelli; Ryu; Sells; Takko; Tarleton and Upthegrove.

MINORITY recommendation: Do not pass. Signed by Representatives Orcutt, Ranking Minority Member; Hargrove, Assistant Ranking Minority Member; Overstreet, Assistant Ranking Minority Member; Angel; Hayes; Johnson; Klippert; Kochmar; O'Ban; Rodne; Shea and Zeiger.

Passed to Committee on Rules for second reading.

April 23, 2013

HB 2033 Prime Sponsor, Representative Hawkins: Reducing the costs and inefficiencies in elections by eliminating a requirement to include the full text of ballot measures in the printed version of voters' pamphlets. Reported by Committee on Appropriations

MAJORITY recommendation: The substitute bill be substituted therefor and the substitute bill do pass. Signed by Representatives Hunter, Chair; Ormsby, Vice Chair; Alexander, Ranking Minority Member; Wilcox, Assistant Ranking Minority Member; Buys; Carlyle; Cody; Dunshee; Green; Haigh; Haler; Hudgins; Hunt; Jenkins; Kagi; Maxwell; Morrell; Pedersen; Pettigrew; Pike; Seaquist; Springer and Sullivan.

MINORITY recommendation: Do not pass. Signed by Representatives Chandler, Assistant Ranking Minority Member; Dahlquist; Fagan; Harris; Parker; Ross; Schmick and Taylor.

April 23, 2013

HB 2038 Prime Sponsor, Representative Carlyle: Investing in the education legacy trust account for K-12 basic education and higher education by narrowing or eliminating tax preferences and extending taxes set to expire. Reported by Committee on Finance

MAJORITY recommendation: The substitute bill be substituted therefor and the substitute bill do pass. Signed by Representatives Carlyle, Chair; Tharinger, Vice Chair; Fitzgibbon; Hansen; Lytton; Pollet; Reykdal and Springer.

MINORITY recommendation: Do not pass. Signed by Representatives Nealey, Ranking Minority Member; Orcutt, Assistant Ranking Minority Member; Condotta; Vick and Wilcox.

April 22, 2013

HB 2041 Prime Sponsor, Representative Clibborn: Repealing the deduction for handling losses of motor vehicle fuel. Reported by Committee on Transportation

MAJORITY recommendation: The substitute bill be substituted therefor and the substitute bill do pass. Signed by Representatives Clibborn, Chair; Fey, Vice Chair; Liias, Vice Chair; Moscoso, Vice Chair; Bergquist; Farrell; Fitzgibbon; Habib; Johnson; Moeller; Morris; Riccelli; Ryu; Sells; Takko; Tarleton and Upthegrove.

MINORITY recommendation: Do not pass. Signed by Representatives Orcutt, Ranking Minority Member; Hargrove, Assistant Ranking Minority Member; Overstreet, Assistant Ranking Minority Member; Angel; Hayes; Klippert; Kochmar; Kretz; Kristiansen; O'Ban; Rodne; Shea and Zeiger.

Passed to Committee on Rules for second reading.

April 23, 2013

HB 2042 Prime Sponsor, Representative Cody: Modifying the nursing facility medicaid payment system by delaying the rebase of certain rate components and extending certain rate add-ons. Reported by Committee on Appropriations

MAJORITY recommendation: Do pass. Signed by Representatives Hunter, Chair; Ormsby, Vice Chair; Alexander, Ranking Minority Member; Chandler, Assistant Ranking Minority Member; Wilcox, Assistant Ranking Minority Member; Carlyle; Cody; Dunshee; Fagan; Green; Haigh; Haler; Harris; Hudgins; Hunt; Jinkins; Kagi; Maxwell; Morrell; Pedersen; Pettigrew; Pike; Ross; Schmick; Seaquist; Springer and Sullivan.

MINORITY recommendation: Do not pass. Signed by Representatives Buys; Dahlquist; Parker and Taylor.

April 23, 2013

HB 2043 Prime Sponsor, Representative Hunter: Temporarily suspending inflationary increases in educational employee compensation. Reported by Committee on Appropriations

MAJORITY recommendation: Do pass. Signed by Representatives Hunter, Chair; Ormsby, Vice Chair; Alexander, Ranking Minority Member; Carlyle; Cody;

Dunshee; Green; Haigh; Hudgins; Hunt; Jinkins; Kagi; Maxwell; Morrell; Pedersen; Pettigrew; Seaquist; Springer and Sullivan.

MINORITY recommendation: Do not pass. Signed by Representatives Chandler, Assistant Ranking Minority Member; Wilcox, Assistant Ranking Minority Member; Buys; Dahlquist; Fagan; Haler; Harris; Parker; Pike; Ross; Schmick and Taylor.

April 23, 2013

HB 2044 Prime Sponsor, Representative Hunter: Delaying the implementation of the family leave insurance program until funding and payment of benefits are authorized in law. Reported by Committee on Appropriations

MAJORITY recommendation: Do pass. Signed by Representatives Hunter, Chair; Ormsby, Vice Chair; Carlyle; Cody; Dunshee; Green; Haigh; Hunt; Jinkins; Kagi; Maxwell; Morrell; Parker; Pedersen; Pettigrew; Seaquist; Springer and Sullivan.

MINORITY recommendation: Do not pass. Signed by Representatives Alexander, Ranking Minority Member; Chandler, Assistant Ranking Minority Member; Wilcox, Assistant Ranking Minority Member; Buys; Dahlquist; Fagan; Haler; Harris; Hudgins; Pike; Ross; Schmick and Taylor.

April 23, 2013

HB 2045 Prime Sponsor, Representative Hunter: Concerning payments to counties in lieu of taxes. Reported by Committee on Appropriations

MAJORITY recommendation: Do pass. Signed by Representatives Hunter, Chair; Ormsby, Vice Chair; Carlyle; Cody; Dunshee; Green; Haigh; Hudgins; Hunt; Jinkins; Kagi; Maxwell; Morrell; Pedersen; Pettigrew; Seaquist; Springer and Sullivan.

MINORITY recommendation: Do not pass. Signed by Representatives Alexander, Ranking Minority Member; Chandler, Assistant Ranking Minority Member; Wilcox, Assistant Ranking Minority Member; Buys; Dahlquist; Fagan; Haler; Harris; Parker; Pike; Ross; Schmick and Taylor.

April 23, 2013

HB 2046 Prime Sponsor, Representative Hunter: Transferring funds from the budget stabilization account to the general fund. Reported by Committee on Appropriations

MAJORITY recommendation: Do pass. Signed by Representatives Hunter, Chair; Ormsby, Vice Chair; Carlyle; Cody; Dunshee; Green; Haigh; Hudgins; Hunt; Jinkins; Kagi; Maxwell; Morrell; Pedersen; Pettigrew; Seaquist; Springer and Sullivan.

MINORITY recommendation: Do not pass. Signed by Representatives Alexander, Ranking Minority Member; Chandler, Assistant Ranking Minority Member; Wilcox, Assistant Ranking Minority Member; Buys; Dahlquist; Fagan; Haler; Harris; Parker; Pike; Ross; Schmick and Taylor.

Passed to Committee on Rules for second reading.

April 23, 2013  
HB 2047 Prime Sponsor, Representative Springer:  
 Reducing the costs of the student assessment  
 system by using consortium-developed  
 assessments and reducing the assessments  
 required for graduation to three content areas.  
 Reported by Committee on Appropriations

MAJORITY recommendation: Do pass as amended. Signed  
 by Representatives Hunter, Chair; Ormsby, Vice Chair;  
 Carlyle; Cody; Dunshee; Green; Haigh; Hudgins; Hunt;  
 Jinkins; Kagi; Maxwell; Morrell; Pedersen; Pettigrew;  
 Seaquist; Springer and Sullivan.

MINORITY recommendation: Do not pass. Signed by  
 Representatives Alexander, Ranking Minority Member;  
 Chandler, Assistant Ranking Minority Member; Wilcox,  
 Assistant Ranking Minority Member; Buys; Dahlquist; Fagan;  
 Haler; Harris; Parker; Pike; Ross; Schmick and Taylor.

Passed to Committee on Rules for second reading.

April 22, 2013  
SB 5337 Prime Sponsor, Senator Pearson: Modifying  
 expiration dates affecting the department of  
 natural resources' timber sale program. Reported  
 by Committee on Appropriations

MAJORITY recommendation: Do pass. Signed by  
 Representatives Hunter, Chair; Ormsby, Vice Chair;  
 Alexander, Ranking Minority Member; Chandler, Assistant  
 Ranking Minority Member; Wilcox, Assistant Ranking  
 Minority Member; Buys; Carlyle; Cody; Dahlquist; Dunshee;  
 Fagan; Green; Haigh; Haler; Harris; Hudgins; Hunt; Jinkins;  
 Kagi; Maxwell; Morrell; Parker; Pedersen; Pettigrew; Pike;  
 Ross; Schmick; Seaquist; Springer; Sullivan and Taylor.

April 23, 2013  
ESB 5843 Prime Sponsor, Senator Tom: Strengthening the  
 review of the legislature's goals for tax  
 preferences by requiring that every new tax  
 preference provide an expiration date and  
 statement of legislative intent. (REVISED FOR  
 ENGROSSED: Strengthening the review of the  
 legislature's goals for tax preferences by requiring  
 that every new tax preference provide a statement  
 of legislative intent and include an expiration date  
 where applicable. ) Reported by Committee on  
 Finance

MAJORITY recommendation: Do pass as amended.

Strike everything after the enacting clause and insert the  
 following:

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

(1) Except as otherwise provided in this section, every new tax  
 preference expires on the first day of the calendar year that is  
 subsequent to the calendar year that is ten years from the effective  
 date of the bill. With respect to any property tax exemption, the  
 exemption does not apply to taxes levied for collection beginning in  
 the calendar year that is subsequent to the calendar year that is ten  
 years from the effective date of the bill.

(2) Subsection (1) of this section does not apply if legislation  
 creating a new tax preference includes an expiration date for the new  
 tax preference.

(3) Subsection (1) of this section does not apply to any existing  
 tax preference that is amended to clarify an ambiguity or correct a  
 technical inconsistency.

(4) For the purposes of this section, the following definitions  
 apply:

(a) "New tax preference" means a tax preference that initially  
 took effect after August 1, 2013, or a tax preference in effect as of  
 August 1, 2013, that is expanded or extended after August 1, 2013.

(b) "Tax preference" has the same meaning as in RCW  
 43.136.021 with respect to any state tax under this title and Title 84  
 RCW.

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

(1) As provided in this section, every bill enacting a new tax  
 preference must include a tax preference performance statement.

(2) A tax preference performance statement must state the  
 legislative purpose for the new tax preference. The tax preference  
 performance statement must indicate one or more of the following  
 general categories, by reference to the applicable category specified in  
 this subsection, as the legislative purpose of the new tax preference:

(a) Tax preferences intended to induce certain designated  
 behavior by taxpayers;

(b) Tax preferences intended to improve industry  
 competitiveness;

(c) Tax preferences intended to create or retain jobs;

(d) Tax preferences intended to reduce structural inefficiencies in  
 the tax structure;

(e) Tax preferences intended to provide tax relief for certain  
 businesses or individuals; or

(f) Tax preferences intended to achieve a general purpose not  
 identified in (a) through (e) of this subsection.

(3) In addition to identifying the general legislative purpose of the  
 tax preference under subsection (2) of this section, the tax preference  
 performance statement must provide additional detailed information  
 regarding the legislative purpose of the new tax preference.

(4) A new tax preference performance statement must specify  
 clear, relevant, and ascertainable metrics and data requirements that  
 allow the joint legislative audit and review committee to measure the  
 effectiveness of the new tax preference in achieving the purpose  
 designated under subsection (2) of this section.

(5) If the tax preference performance statement for a new tax  
 preference indicates a legislative purpose described in subsection  
 (2)(b) or (c) of this section, any taxpayer claiming the new tax  
 preference must file an annual survey in accordance with RCW  
 82.32.585.

(6) Taxpayers claiming a new tax preference impacting any tax  
 under this title must report the amount of the tax preference claimed  
 by the taxpayer to the department as part of the taxpayer's regular tax  
 reporting responsibilities under this chapter. For new tax preferences  
 allowing certain types of gross income of the business to be excluded  
 from business and occupation taxation, the tax return must explicitly  
 report the amount of the exclusion, regardless of whether it is  
 structured as an exemption or deduction. For a new sales and use tax  
 exemption, the total taxable sales subject to the exemption claimed by  
 the taxpayer must be reported on an addendum to the taxpayer's tax  
 return.

(7) The amount claimed by a taxpayer for any new tax preference  
 is subject to public disclosure and is not considered confidential tax  
 information under RCW 82.32.330. The department may waive the  
 public disclosure requirement under this subsection for good cause.  
 Good cause may be demonstrated by a reasonable showing of  
 economic harm to a taxpayer if the information specified under this  
 subsection is disclosed. Taxpayers may request the department to  
 treat the amount of the tax preference claimed by a taxpayer during a  
 calendar year as confidential under RCW 82.32.330 if the amount for  
 the calendar year is less than ten thousand dollars.

(8) If a new tax preference does not include the information required under subsections (2) through (4) of this section, the joint legislative audit and review committee is not required to perform a tax preference review under chapter 43.136 RCW, and it is legislatively presumed that it is the intent of the legislature to allow the new tax preference to expire upon its scheduled expiration date.

**NEW SECTION. Sec. 3.** A new section is added to chapter 43.136 RCW to read as follows:

By January 1, 2015, and in compliance with RCW 43.01.036, the joint legislative audit and review committee must provide a report to the appropriate fiscal committees of the legislature that makes recommendations on the appropriate data and metrics that should be included in a tax preference performance statement to evaluate a new tax preference. The committee must consult with the department of revenue and legislative fiscal staff in the preparation of the report. The committee's recommendation must identify the appropriate data and metrics for each of the general categories provided in section 2(2) of this act.

**NEW SECTION. Sec. 4.** A new section is added to chapter 82.04 RCW to read as follows:

See section 1 of this act for the expiration date of new tax preferences for the tax imposed under this chapter.

**NEW SECTION. Sec. 5.** A new section is added to chapter 82.08 RCW to read as follows:

See section 1 of this act for the expiration date of new tax preferences for the tax imposed under this chapter.

**NEW SECTION. Sec. 6.** A new section is added to chapter 82.12 RCW to read as follows:

See section 1 of this act for the expiration date of new tax preferences for the tax imposed under this chapter.

**NEW SECTION. Sec. 7.** A new section is added to chapter 82.14B RCW to read as follows:

See section 1 of this act for the expiration date of new tax preferences for the tax imposed under this chapter.

**NEW SECTION. Sec. 8.** A new section is added to chapter 82.16 RCW to read as follows:

See section 1 of this act for the expiration date of new tax preferences for the tax imposed under this chapter.

**NEW SECTION. Sec. 9.** A new section is added to chapter 82.18 RCW to read as follows:

See section 1 of this act for the expiration date of new tax preferences for the tax imposed under this chapter.

**NEW SECTION. Sec. 10.** A new section is added to chapter 82.19 RCW to read as follows:

See section 1 of this act for the expiration date of new tax preferences for the tax imposed under this chapter.

**NEW SECTION. Sec. 11.** A new section is added to chapter 82.21 RCW to read as follows:

See section 1 of this act for the expiration date of new tax preferences for the tax imposed under this chapter.

**NEW SECTION. Sec. 12.** A new section is added to chapter 82.23A RCW to read as follows:

See section 1 of this act for the expiration date of new tax preferences for the tax imposed under this chapter.

**NEW SECTION. Sec. 13.** A new section is added to chapter 82.23B RCW to read as follows:

See section 1 of this act for the expiration date of new tax preferences for the tax imposed under this chapter.

**NEW SECTION. Sec. 14.** A new section is added to chapter 82.24 RCW to read as follows:

See section 1 of this act for the expiration date of new tax preferences for the tax imposed under this chapter.

**NEW SECTION. Sec. 15.** A new section is added to chapter 82.26 RCW to read as follows:

See section 1 of this act for the expiration date of new tax preferences for the tax imposed under this chapter.

**NEW SECTION. Sec. 16.** A new section is added to chapter 82.27 RCW to read as follows:

See section 1 of this act for the expiration date of new tax preferences for the tax imposed under this chapter.

**NEW SECTION. Sec. 17.** A new section is added to chapter 82.29A RCW to read as follows:

See section 1 of this act for the expiration date of new tax preferences for the tax imposed under this chapter.

**NEW SECTION. Sec. 18.** A new section is added to chapter 82.36 RCW to read as follows:

See section 1 of this act for the expiration date of new tax preferences for the tax imposed under this chapter.

**NEW SECTION. Sec. 19.** A new section is added to chapter 82.38 RCW to read as follows:

See section 1 of this act for the expiration date of new tax preferences for the tax imposed under this chapter.

**NEW SECTION. Sec. 20.** A new section is added to chapter 82.42 RCW to read as follows:

See section 1 of this act for the expiration date of new tax preferences for the tax imposed under this chapter.

**NEW SECTION. Sec. 21.** A new section is added to chapter 82.45 RCW to read as follows:

See section 1 of this act for the expiration date of new tax preferences for the tax imposed under this chapter.

**NEW SECTION. Sec. 22.** A new section is added to chapter 82.48 RCW to read as follows:

See section 1 of this act for the expiration date of new tax preferences for the tax imposed under this chapter.

**NEW SECTION. Sec. 23.** A new section is added to chapter 82.49 RCW to read as follows:

See section 1 of this act for the expiration date of new tax preferences for the tax imposed under this chapter.

**NEW SECTION. Sec. 24.** A new section is added to chapter 82.64 RCW to read as follows:

See section 1 of this act for the expiration date of new tax preferences for the tax imposed under this chapter."

Correct the title.

On page 1, line 7 of the amendment, after "calendar year that is" strike "five" and insert "ten"

On page 1, line 11 of the amendment, after "that is" strike "five" and insert "ten"

Strike everything after the enacting clause and insert the following:

**"NEW SECTION. Sec. 25.** A new section is added to chapter 82.32 RCW to read as follows:

(1) Except as otherwise provided in this section, every bill enacting a new tax preference expires on the first day of the calendar year that is subsequent to the calendar year that is five years from the effective date of the bill. With respect to any property tax exemption, the exemption does not apply to taxes levied for collection beginning in the calendar year that is subsequent to the calendar year that is five years from the effective date of the bill.

(2) Subsection (1) of this section does not apply if legislation creating a new tax preference includes an expiration date for the new tax preference.

(3) Subsection (1) of this section does not apply to any existing tax preference that is amended to clarify an ambiguity or correct a technical inconsistency.

(4) For the purposes of this section, the following definitions apply:

(a) "New tax preference" means a tax preference that initially took effect after August 1, 2013, or a tax preference in effect as of August 1, 2013, that is expanded or extended after August 1, 2013.

(b) "Tax preference" has the same meaning as in RCW 43.136.021 with respect to any state tax under this title and Title 84 RCW.

**NEW SECTION. Sec. 26.** A new section is added to chapter 82.32 RCW to read as follows:

(1) As provided in this section, every bill enacting a new tax preference must include a tax preference performance statement.

(2) A tax preference performance statement must state the legislative purpose for the new tax preference. The tax preference performance statement must indicate one or more of the following general categories, by reference to the applicable category specified in this subsection, as the legislative purpose of the new tax preference:

(a) Tax preferences intended to induce certain designated behavior by taxpayers;

(b) Tax preferences intended to improve industry competitiveness;

(c) Tax preferences intended to create or retain jobs;

(d) Tax preferences intended to reduce structural inefficiencies in the tax structure; or

(e) Tax preferences intended to provide tax relief for certain businesses or individuals.

(3) In addition to identifying the general legislative purpose of the tax preference under subsection (2) of this section, the tax preference performance statement must provide additional detailed information regarding the legislative purpose of the new tax preference.

(4) A new tax preference performance statement must specify clear, relevant, and ascertainable metrics and data requirements that allow the joint legislative audit and review committee to measure the effectiveness of the new tax preference in achieving the purpose designated under subsection (2) of this section.

(5) If the tax preference performance statement for a new tax preference indicates a legislative purpose described in subsection (2)(b) or (c) of this section, any taxpayer claiming the new tax preference must file an annual survey in accordance with RCW 82.32.585.

(6) Taxpayers claiming a new tax preference impacting any tax under this title must report the amount of the tax preference claimed by the taxpayer to the department as part of the taxpayer's regular tax reporting responsibilities under this chapter. For new tax preferences allowing certain types of gross income of the business to be excluded from business and occupation taxation, the tax return must explicitly report the amount of the exclusion, regardless of whether it is structured as an exemption or deduction. For a new sales and use tax exemption, the total taxable sales subject to the exemption claimed by the taxpayer must be reported on an addendum to the taxpayer's tax return.

(7) The amount claimed by a taxpayer for any new tax preference, as well as the taxpayer's gross income and taxable income, is subject to public disclosure and is not considered confidential tax information under RCW 82.32.330. The department may waive the public disclosure requirement under this subsection for good cause. Good cause may be demonstrated by a reasonable showing of economic harm to a taxpayer if the information specified under this subsection is disclosed.

(8) If a new tax preference does not include the information required under subsections (2) through (4) of this section, the joint legislative audit and review committee is not required to perform a tax preference review under chapter 43.136 RCW, and it is legislatively presumed that it is the intent of the legislature to allow the new tax preference to expire upon its scheduled expiration date.

**NEW SECTION. Sec. 27.** A new section is added to chapter 43.136 RCW to read as follows:

By January 1, 2015, and in compliance with RCW 43.01.036, the joint legislative audit and review committee must provide a report to the appropriate fiscal committees of the legislature that makes recommendations on the appropriate data and metrics that should be

included in a tax preference performance statement to evaluate a new tax preference. The committee must consult with the department of revenue and legislative fiscal staff in the preparation of the report. The committee's recommendation must identify the appropriate data and metrics for each of the general categories provided in section 2(2) of this act.

**Sec. 28.** RCW 82.32.585 and 2011 c 23 s 6 are each amended to read as follows:

(1)(a) Every person claiming a tax preference that requires a survey under this section must file a complete annual survey with the department.

(i) Except as provided in (a)(ii) of this subsection, the survey is due by April 30th of the year following any calendar year in which a person becomes eligible to claim the tax preference that requires a survey under this section.

(ii) If the tax preference is a deferral of tax, the first survey must be filed by April 30th of the calendar year following the calendar year in which the investment project is certified by the department as operationally complete, and a survey must be filed by April 30th of each of the seven succeeding calendar years.

(b) The department may extend the due date for timely filing of annual surveys under this section as provided in RCW 82.32.590.

(2)(a) The survey must include the amount of the tax preference claimed for the calendar year covered by the survey. For a person that claimed an exemption provided in RCW 82.08.025651 or 82.12.025651, the survey must include the amount of tax exempted under those sections in the prior calendar year for each general area or category of research and development for which exempt machinery and equipment and labor and services were acquired in the prior calendar year.

(b) The survey must also include the following information for employment positions in Washington, not to include names of employees, for the year that the tax preference was claimed:

(i) The number of total employment positions;

(ii) Full-time, part-time, and temporary employment positions as a percent of total employment;

(iii) The number of employment positions according to the following wage bands: Less than thirty thousand dollars; thirty thousand dollars or greater, but less than sixty thousand dollars; and sixty thousand dollars or greater. A wage band containing fewer than three individuals may be combined with another wage band; and

(iv) The number of employment positions that have employer-provided medical, dental, and retirement benefits, by each of the wage bands.

(c) For persons claiming the tax preference provided under chapter 82.60 or 82.63 RCW, the survey must also include the number of new products or research projects by general classification, and the number of trademarks, patents, and copyrights associated with activities at the investment project.

(d) For persons claiming the credit provided under RCW 82.04.4452, the survey must also include the qualified research and development expenditures during the calendar year for which the credit was claimed, the taxable amount during the calendar year for which the credit was claimed, the number of new products or research projects by general classification, the number of trademarks, patents, and copyrights associated with the research and development activities for which the credit was claimed, and whether the tax preference has been assigned, and who assigned the credit. The definitions in RCW 82.04.4452 apply to this subsection (2)(d).

(e) For persons claiming the tax exemption in RCW 82.08.025651 or 82.12.025651, the survey must also include the general areas or categories of research and development for which machinery and equipment and labor and services were acquired, exempt from tax under RCW 82.08.025651 or 82.12.025651, in the prior calendar year.

(f) If the person filing a survey under this section did not file a survey with the department in the previous calendar year, the survey filed under this section must also include the employment, wage, and benefit information required under (b)(i) through (iv) of this subsection for the calendar year immediately preceding the calendar year for which a tax preference was claimed.

(3) As part of the annual survey, the department may request additional information necessary to measure the results of, or determine eligibility for, the tax preference and include additional information necessary for the joint legislative audit and review committee to evaluate a new tax preference, as defined in section 1 of this section.

(4) All information collected under this section, except the information required in subsection (2)(a) of this section, is deemed taxpayer information under RCW 82.32.330. Information required in subsection (2)(a) of this section is not subject to the confidentiality provisions of RCW 82.32.330 and may be disclosed to the public upon request, except as provided in subsection (5) of this section. If the amount of the tax preference claimed as reported on the survey is different than the amount actually claimed or otherwise allowed by the department based on the taxpayer's excise tax returns or other information known to the department, the amount actually claimed or allowed may be disclosed. For any new tax preference, as defined in section 1 of this act, all information collected under this section may be disclosed to the public upon request and is not subject to the confidentiality provisions of RCW 82.32.330.

(5) Persons for whom the actual amount of the tax reduced or saved is less than ten thousand dollars during the period covered by the survey may request the department to treat ~~((the amount of the tax reduction or savings))~~ all information collected under this section as confidential under RCW 82.32.330.

(6)(a) Except as otherwise provided by law, if a person claims a tax preference that requires an annual survey under this section but fails to submit a complete annual survey by the due date of the survey or any extension under RCW 82.32.590, the department must declare the amount of the tax preference claimed for the previous calendar year to be immediately due. If the tax preference is a deferral of tax, twelve and one-half percent of the deferred tax is immediately due. If the economic benefits of the deferral are passed to a lessee, the lessee is responsible for payment to the extent the lessee has received the economic benefit.

(b) The department must assess interest, but not penalties, on the amounts due under this subsection. The interest must be assessed at the rate provided for delinquent taxes under this chapter, retroactively to the date the tax preference was claimed, and accrues until the taxes for which the tax preference was claimed are repaid. Amounts due under this subsection are not subject to the confidentiality provisions of RCW 82.32.330 and may be disclosed to the public upon request.

(7) The department must use the information from this section to prepare summary descriptive statistics by category. No fewer than three taxpayers may be included in any category. The department must report these statistics to the legislature each year by October 1st.

(8) For the purposes of this section:

(a) "Person" has the meaning provided in RCW 82.04.030 and also includes the state and its departments and institutions.

(b) "Tax preference" has the meaning provided in RCW 43.136.021 and includes only the tax preferences requiring a survey under this section.

NEW SECTION. Sec. 29. A new section is added to chapter 82.04 RCW to read as follows:

See section 1 of this act for the expiration date of new tax preferences for the tax imposed under this chapter.

NEW SECTION. Sec. 30. A new section is added to chapter 82.08 RCW to read as follows:

See section 1 of this act for the expiration date of new tax preferences for the tax imposed under this chapter.

NEW SECTION. Sec. 31. A new section is added to chapter 82.12 RCW to read as follows:

See section 1 of this act for the expiration date of new tax preferences for the tax imposed under this chapter.

NEW SECTION. Sec. 32. A new section is added to chapter 82.14B RCW to read as follows:

See section 1 of this act for the expiration date of new tax preferences for the tax imposed under this chapter.

NEW SECTION. Sec. 33. A new section is added to chapter 82.18 RCW to read as follows:

See section 1 of this act for the expiration date of new tax preferences for the tax imposed under this chapter.

NEW SECTION. Sec. 34. A new section is added to chapter 82.19 RCW to read as follows:

See section 1 of this act for the expiration date of new tax preferences for the tax imposed under this chapter.

NEW SECTION. Sec. 35. A new section is added to chapter 82.21 RCW to read as follows:

See section 1 of this act for the expiration date of new tax preferences for the tax imposed under this chapter.

NEW SECTION. Sec. 36. A new section is added to chapter 82.23A RCW to read as follows:

See section 1 of this act for the expiration date of new tax preferences for the tax imposed under this chapter.

NEW SECTION. Sec. 37. A new section is added to chapter 82.23B RCW to read as follows:

See section 1 of this act for the expiration date of new tax preferences for the tax imposed under this chapter.

NEW SECTION. Sec. 38. A new section is added to chapter 82.24 RCW to read as follows:

See section 1 of this act for the expiration date of new tax preferences for the tax imposed under this chapter.

NEW SECTION. Sec. 39. A new section is added to chapter 82.26 RCW to read as follows:

See section 1 of this act for the expiration date of new tax preferences for the tax imposed under this chapter.

NEW SECTION. Sec. 40. A new section is added to chapter 82.27 RCW to read as follows:

See section 1 of this act for the expiration date of new tax preferences for the tax imposed under this chapter.

NEW SECTION. Sec. 41. A new section is added to chapter 82.29A RCW to read as follows:

See section 1 of this act for the expiration date of new tax preferences for the tax imposed under this chapter.

NEW SECTION. Sec. 42. A new section is added to chapter 82.36 RCW to read as follows:

See section 1 of this act for the expiration date of new tax preferences for the tax imposed under this chapter.

NEW SECTION. Sec. 43. A new section is added to chapter 82.38 RCW to read as follows:

See section 1 of this act for the expiration date of new tax preferences for the tax imposed under this chapter.

NEW SECTION. Sec. 44. A new section is added to chapter 82.42 RCW to read as follows:

See section 1 of this act for the expiration date of new tax preferences for the tax imposed under this chapter.

NEW SECTION. Sec. 45. A new section is added to chapter 82.45 RCW to read as follows:

See section 1 of this act for the expiration date of new tax preferences for the tax imposed under this chapter.

NEW SECTION. Sec. 46. A new section is added to chapter 82.48 RCW to read as follows:

See section 1 of this act for the expiration date of new tax preferences for the tax imposed under this chapter.

NEW SECTION. Sec. 47. A new section is added to chapter 82.49 RCW to read as follows:

See section 1 of this act for the expiration date of new tax preferences for the tax imposed under this chapter.

**NEW SECTION. Sec. 48.** A new section is added to chapter 82.64 RCW to read as follows:

See section 1 of this act for the expiration date of new tax preferences for the tax imposed under this chapter."

Correct the title.

Signed by Representatives Carlyle, Chair; Tharinger, Vice Chair; Fitzgibbon; Hansen; Lytton; Pollet; Reykdal and Springer.

MINORITY recommendation: Do not pass. Signed by Representatives Nealey, Ranking Minority Member; Orcutt, Assistant Ranking Minority Member; Condotta; Vick and Wilcox.

There being no objection, the bills listed on the day's committee reports under the fifth order of business were referred to the committees so designated with the exceptions of HOUSE BILL NO. 2033, HOUSE BILL NO. 2038, HOUSE BILL NO. 2042, HOUSE BILL NO. 2043, HOUSE BILL NO. 2044, HOUSE BILL NO. 2045, SENATE BILL NO. 5337 AND SENATE BILL NO. 5843 which were placed on the second reading calendar.

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

### THIRD READING

#### MESSAGE FROM THE SENATE

April 22, 2013

Mr. Speaker:

The Senate refuses to concur in the House amendment to SECOND SUBSTITUTE SENATE BILL NO. 5213 and asks the House to recede therefrom, and the same is herewith transmitted.

Brad Hendrickson, Deputy Secretary

#### HOUSE AMENDMENT TO SENATE BILL

There being no objection, the House receded from its amendment. The rules were suspended and SECOND SUBSTITUTE SENATE BILL NO. 5213 was returned to second reading for the purpose of amendment.

There being no objection, the House reverted to the sixth order of business.

### SECOND READING

**SECOND SUBSTITUTE SENATE BILL NO. 5213, by Senate Committee on Ways & Means (originally sponsored by Senators Becker, Tom, Bailey, Honeyford and Frockt)**

**Concerning prescription review for medicaid managed care enrollees. Revised for 2nd Substitute: Concerning prescription review for medicaid managed care enrollees. (REVISED FOR PASSED LEGISLATURE: Concerning medication management services for medicaid managed care enrollees. )**

The bill was read the second time.

Representative Cody moved the adoption of amendment (464).

Strike everything after the enacting clause and insert the following:

**"NEW SECTION. Sec. 1.** A new section is added to chapter 74.09 RCW to read as follows:

The legislature finds that chronic care management, including comprehensive medication management services, provided by licensed pharmacists and qualified providers is a critical component of a collaborative, multidisciplinary, inter-professional approach to the treatment of chronic diseases for targeted individuals, to improve the quality of care and reduce overall cost in the treatment of such diseases.

**Sec. 2.** RCW 74.09.522 and 2011 1st sp.s. c 15 s 29, 2011 1st sp.s. c 9 s 2, and 2011 c 316 s 4 are each reenacted and amended to read as follows:

(1) For the purposes of this section:

(a) "Managed health care system" means any health care organization, including health care providers, insurers, health care service contractors, health maintenance organizations, health insuring organizations, or any combination thereof, that provides directly or by contract health care services covered under this chapter and rendered by licensed providers, on a prepaid capitated basis and that meets the requirements of section 1903(m)(1)(A) of Title XIX of the federal social security act or federal demonstration waivers granted under section 1115(a) of Title XI of the federal social security act;

(b) "Nonparticipating provider" means a person, health care provider, practitioner, facility, or entity, acting within their scope of practice, that does not have a written contract to participate in a managed health care system's provider network, but provides health care services to enrollees of programs authorized under this chapter whose health care services are provided by the managed health care system.

(2) The authority shall enter into agreements with managed health care systems to provide health care services to recipients of temporary assistance for needy families under the following conditions:

(a) Agreements shall be made for at least thirty thousand recipients statewide;

(b) Agreements in at least one county shall include enrollment of all recipients of temporary assistance for needy families;

(c) To the extent that this provision is consistent with section 1903(m) of Title XIX of the federal social security act or federal demonstration waivers granted under section 1115(a) of Title XI of the federal social security act, recipients shall have a choice of systems in which to enroll and shall have the right to terminate their enrollment in a system: **PROVIDED**, That the authority may limit recipient termination of enrollment without cause to the first month of a period of enrollment, which period shall not exceed twelve months: **AND PROVIDED FURTHER**, That the authority shall not restrict a recipient's right to terminate enrollment in a system for good cause as established by the authority by rule;

(d) To the extent that this provision is consistent with section 1903(m) of Title XIX of the federal social security act, participating managed health care systems shall not enroll a disproportionate number of medical assistance recipients within the total numbers of persons served by the managed health care systems, except as authorized by the authority under federal demonstration waivers granted under section 1115(a) of Title XI of the federal social security act;

(e)(i) In negotiating with managed health care systems the authority shall adopt a uniform procedure to enter into contractual arrangements, to be included in contracts issued or renewed on or after January 1, (~~2012~~) 2015, including:

(A) Standards regarding the quality of services to be provided;

(B) The financial integrity of the responding system;

(C) Provider reimbursement methods that incentivize chronic care management within health homes, including comprehensive



medication management services for patients with multiple chronic conditions consistent with the findings and goals established in section 1 of this act;

(D) Provider reimbursement methods that reward health homes that, by using chronic care management, reduce emergency department and inpatient use; ~~((and))~~

(E) Promoting provider participation in the program of training and technical assistance regarding care of people with chronic conditions described in RCW 43.70.533, including allocation of funds to support provider participation in the training, unless the managed care system is an integrated health delivery system that has programs in place for chronic care management;

(F) Provider reimbursement methods within the medical billing processes that incentivize pharmacists or other qualified providers licensed in Washington state to provide comprehensive medication management services consistent with the findings and goals established in section 1 of this act; and

(G) Evaluation and reporting on the impact of comprehensive medication management services on patient clinical outcomes and total health care costs, including reductions in emergency department utilization, hospitalization, and drug costs.

(ii)(A) Health home services contracted for under this subsection may be prioritized to enrollees with complex, high cost, or multiple chronic conditions.

(B) Contracts that include the items in (e)(i)(C) through ~~((E))~~ (G) of this subsection must not exceed the rates that would be paid in the absence of these provisions;

(f) The authority shall seek waivers from federal requirements as necessary to implement this chapter;

(g) The authority shall, wherever possible, enter into prepaid capitation contracts that include inpatient care. However, if this is not possible or feasible, the authority may enter into prepaid capitation contracts that do not include inpatient care;

(h) The authority shall define those circumstances under which a managed health care system is responsible for out-of-plan services and assure that recipients shall not be charged for such services;

(i) Nothing in this section prevents the authority from entering into similar agreements for other groups of people eligible to receive services under this chapter; and

(j) The ~~((department))~~ authority must consult with the federal center for medicare and medicaid innovation and seek funding opportunities to support health homes.

(3) The authority shall ensure that publicly supported community health centers and providers in rural areas, who show serious intent and apparent capability to participate as managed health care systems are seriously considered as contractors. The authority shall coordinate its managed care activities with activities under chapter 70.47 RCW.

(4) The authority shall work jointly with the state of Oregon and other states in this geographical region in order to develop recommendations to be presented to the appropriate federal agencies and the United States congress for improving health care of the poor, while controlling related costs.

(5) The legislature finds that competition in the managed health care marketplace is enhanced, in the long term, by the existence of a large number of managed health care system options for medicaid clients. In a managed care delivery system, whose goal is to focus on prevention, primary care, and improved enrollee health status, continuity in care relationships is of substantial importance, and disruption to clients and health care providers should be minimized. To help ensure these goals are met, the following principles shall guide the authority in its healthy options managed health care purchasing efforts:

(a) All managed health care systems should have an opportunity to contract with the authority to the extent that minimum contracting requirements defined by the authority are met, at payment rates that

enable the authority to operate as far below appropriated spending levels as possible, consistent with the principles established in this section.

(b) Managed health care systems should compete for the award of contracts and assignment of medicaid beneficiaries who do not voluntarily select a contracting system, based upon:

(i) Demonstrated commitment to or experience in serving low-income populations;

(ii) Quality of services provided to enrollees;

(iii) Accessibility, including appropriate utilization, of services offered to enrollees;

(iv) Demonstrated capability to perform contracted services, including ability to supply an adequate provider network;

(v) Payment rates; and

(vi) The ability to meet other specifically defined contract requirements established by the authority, including consideration of past and current performance and participation in other state or federal health programs as a contractor.

(c) Consideration should be given to using multiple year contracting periods.

(d) Quality, accessibility, and demonstrated commitment to serving low-income populations shall be given significant weight in the contracting, evaluation, and assignment process.

(e) All contractors that are regulated health carriers must meet state minimum net worth requirements as defined in applicable state laws. The authority shall adopt rules establishing the minimum net worth requirements for contractors that are not regulated health carriers. This subsection does not limit the authority of the Washington state health care authority to take action under a contract upon finding that a contractor's financial status seriously jeopardizes the contractor's ability to meet its contract obligations.

(f) Procedures for resolution of disputes between the authority and contract bidders or the authority and contracting carriers related to the award of, or failure to award, a managed care contract must be clearly set out in the procurement document.

(6) The authority may apply the principles set forth in subsection (5) of this section to its managed health care purchasing efforts on behalf of clients receiving supplemental security income benefits to the extent appropriate.

(7) A managed health care system shall pay a nonparticipating provider that provides a service covered under this chapter to the system's enrollee no more than the lowest amount paid for that service under the managed health care system's contracts with similar providers in the state.

(8) For services covered under this chapter to medical assistance or medical care services enrollees and provided on or after August 24, 2011, nonparticipating providers must accept as payment in full the amount paid by the managed health care system under subsection (7) of this section in addition to any deductible, coinsurance, or copayment that is due from the enrollee for the service provided. An enrollee is not liable to any nonparticipating provider for covered services, except for amounts due for any deductible, coinsurance, or copayment under the terms and conditions set forth in the managed health care system contract to provide services under this section.

(9) Pursuant to federal managed care access standards, 42 C.F.R. Sec. 438, managed health care systems must maintain a network of appropriate providers that is supported by written agreements sufficient to provide adequate access to all services covered under the contract with the department, including hospital-based physician services. The department will monitor and periodically report on the proportion of services provided by contracted providers and nonparticipating providers, by county, for each managed health care system to ensure that managed health care systems are meeting network adequacy requirements. No later than January 1st of each year, the department will review and report its findings to the

appropriate policy and fiscal committees of the legislature for the preceding state fiscal year.

(10) Subsections (7) through (9) of this section expire July 1, 2016."

Correct the title.

Representatives Cody and Schmick spoke in favor of the adoption of the amendment.

Amendment (464) was adopted.

There being no objection, the rules were suspended, the second reading considered the third and the bill, as amended by the House, was placed on final passage.

Representatives Cody and Short spoke in favor of the passage of the bill.

### MOTION

On motion of Representative Harris, Representative DeBolt was excused.

The Speaker (Representative Moeller presiding) stated the question before the House to be the final passage of Second Substitute Senate Bill No. 5213, as amended by the House.

### ROLL CALL

The Clerk called the roll on the final passage of Second Substitute Senate Bill No. 5213, as amended by the House, and the bill passed the House by the following vote: Yeas, 97; Nays, 0; Absent, 0; Excused, 1.

Voting yea: Representatives Alexander, Angel, Appleton, Bergquist, Blake, Buys, Carlyle, Chandler, Clibborn, Cody, Condotta, Crouse, Dahlquist, Dunshee, Fagan, Farrell, Fey, Fitzgibbon, Freeman, Goodman, Green, Habib, Haigh, Haler, Hansen, Hargrove, Harris, Hawkins, Hayes, Holy, Hope, Hudgins, Hunt, Hunter, Hurst, Jinkins, Johnson, Kagi, Kirby, Klippert, Kochmar, Kretz, Kristiansen, Liias, Lytton, MacEwen, Magendanz, Manweller, Maxwell, McCoy, Moeller, Morrell, Morris, Moscoso, Nealey, O'Ban, Orcutt, Ormsby, Orwall, Overstreet, Parker, Pedersen, Pettigrew, Pike, Pollet, Reykdal, Riccelli, Roberts, Rodne, Ross, Ryu, Santos, Sawyer, Schmick, Scott, Seaquist, Sells, Shea, Short, Smith, Springer, Stanford, Stonier, Sullivan, Takko, Tarleton, Taylor, Tharinger, Upthegrove, Van De Wege, Vick, Walsh, Warnick, Wilcox, Wylie, Zeiger and Mr. Speaker.

Excused: Representative DeBolt.

SECOND SUBSTITUTE SENATE BILL NO. 5213, as amended by the House, having received the necessary constitutional majority, was declared passed.

### MESSAGE FROM THE SENATE

April 23, 2013

Mr. Speaker:

The Senate refuses to concur in the House amendment to ENGROSSED SECOND SUBSTITUTE SENATE BILL NO. 5267 and asks the House to recede therefrom, and the same is herewith transmitted.

Brad Hendrickson, Deputy Secretary

### HOUSE AMENDMENT TO SENATE BILL

There being no objection, the House receded from its amendment. The rules were suspended and ENGROSSED SECOND SUBSTITUTE SENATE BILL NO. 5267 was returned to second reading for the purpose of amendment.

### ENGROSSED SECOND SUBSTITUTE SENATE BILL NO. 5267, by Senate Committee on Ways & Means (originally sponsored by Senators Becker, Keiser, Conway, Ericksen, Bailey, Dammeier, Frockt and Schlicher)

**Concerning prior authorization for health care services.  
Revised for 2nd Substitute: Developing standardized prior  
authorization for medical and pharmacy management.  
(REVISED FOR PASSED LEGISLATURE: Establishing a  
work group to develop standardized prior authorization for  
medical and pharmacy management.)**

The bill was read the second time.

Representative Cody moved the adoption of amendment (465).

Strike everything after the enacting clause and insert the following:

**"NEW SECTION. Sec. 1.** (1) A work group is formed to develop criteria to streamline the prior authorization process for prescription drugs, medical procedures, and medical tests, with the goal of simplification and uniformity.

(2) The work group shall be cochaired by the chair of the senate health care committee and the chair of the house of representatives health care committee, and membership of the work group shall be determined by the cochairs, not to exceed eleven participants.

(3) The work group shall examine elements that may include the following:

(a) National standard transaction information, such as HIPAA 278 standards, for sending or receiving authorizations electronically;

(b) Standard transaction information and uniform prior authorization forms;

(c) Clean, uniform, and readily accessible forms for prior authorization including determining the appropriate number of forms;

(d) A core set of common data requirements for nonclinical information for prior authorization and electronic prescriptions, or both;

(e) The prior authorization process, which considers electronic forms and allows for flexibility for health insurance carriers to develop electronic forms; and

(f) Existing prior authorization forms by health insurance carriers and by state agencies, in developing the uniform prior authorization forms.

(4) The work group must:

(a) Establish timelines for urgent requests and timeliness for nonurgent requests;

(b) Work on a receipt and missing information time frame;

(c) Determine time limits for a response of acknowledgment of receipts or requests of missing information;

(d) Establish when an authorization request will be deemed as granted when there is no response.

(5) The work group must submit their recommendations to the appropriate committees of the legislature by November 15, 2013.

(6) This section expires January 1, 2014.

**NEW SECTION. Sec. 2.** The insurance commissioner shall adopt rules implementing only the recommendations of the work group established in section 1 of this act. The rules must take effect no later than January 1, 2015."

Correct the title.

Representatives Cody and Schmick spoke in favor of the adoption of the amendment.

Amendment (465) was adopted.

There being no objection, the rules were suspended, the second reading considered the third and the bill, as amended by the House, was placed on final passage.

Representatives Cody and Schmick spoke in favor of the passage of the bill.

The Speaker (Representative Moeller presiding) stated the question before the House to be the final passage of Engrossed Second Substitute Senate Bill No. 5267, as amended by the House.

### ROLL CALL

The Clerk called the roll on the final passage of Engrossed Second Substitute Senate Bill No. 5267, as amended by the House, and the bill passed the House by the following vote: Yeas, 97; Nays, 0; Absent, 0; Excused, 1.

Voting yea: Representatives Alexander, Angel, Appleton, Bergquist, Blake, Buys, Carlyle, Chandler, Clibborn, Cody, Condotta, Crouse, Dahlquist, Dunshee, Fagan, Farrell, Fey, Fitzgibbon, Freeman, Goodman, Green, Habib, Haigh, Haler, Hansen, Hargrove, Harris, Hawkins, Hayes, Holy, Hope, Hudgins, Hunt, Hunter, Hurst, Jinkins, Johnson, Kagi, Kirby, Klippert, Kochmar, Kretz, Kristiansen, Liias, Lytton, MacEwen, Magendanz, Manweiler, Maxwell, McCoy, Moeller, Morrell, Morris, Moscoso, Nealey, O'Ban, Orcutt, Ormsby, Orwall, Overstreet, Parker, Pedersen, Pettigrew, Pike, Pollet, Reykdal, Riccelli, Roberts, Rodne, Ross, Ryu, Santos, Sawyer, Schmick, Scott, Seaquist, Sells, Shea, Short, Smith, Springer, Stanford, Stonier, Sullivan, Takko, Tarleton, Taylor, Tharinger, Upthegrove, Van De Wege, Vick, Walsh, Warnick, Wilcox, Wylie, Zeiger and Mr. Speaker.

Excused: Representative DeBolt.

ENGROSSED SECOND SUBSTITUTE SENATE BILL NO. 5267, as amended by the House, having received the necessary constitutional majority, was declared passed.

There being no objection, the House reverted to the sixth order of business.

### SECOND READING

**HOUSE BILL NO. 2038, by Representatives Carlyle, Hunter, Ormsby, Tharinger, Reykdal and Pollet**

**Investing in the education legacy trust account for K-12 basic education and higher education by narrowing or eliminating tax preferences and extending taxes set to expire.**

The bill was read the second time.

There being no objection, Substitute House Bill No. 2038 was substituted for House Bill No. 2038 and the substitute bill was placed on the second reading calendar.

SUBSTITUTE HOUSE BILL NO. 2038 was read the second time.

Representative Wylie moved the adoption of amendment (471).

Beginning on page 22, line 25, strike all of section 401 and insert the following:

"**Sec. 401.** RCW 82.08.0273 and 2011 c 7 s 1 are each amended to read as follows:

(1) Subject to the conditions and limitations in this section, an exemption from the tax levied by RCW 82.08.020 ~~((does not apply to))~~ in the form of a remittance from the department is provided for sales to nonresidents of this state of tangible personal property, digital goods, and digital codes~~((, when))~~. The exemption only applies if:

(a) The property is for use outside this state;

(b) The purchaser is a bona fide resident of a province or territory of Canada or a state, territory, or possession of the United States, other than the state of Washington; and

(i) Such state, possession, territory, or province does not impose, or have imposed on its behalf, a generally applicable retail sales tax, use tax, value added tax, gross receipts tax on retailing activities, or similar generally applicable tax, of three percent or more; or

(ii) If imposing a tax described in (b)(i) of this subsection, provides an exemption for sales to Washington residents by reason of their residence; and

(c) The purchaser agrees, when requested, to grant the department of revenue access to such records and other forms of verification at ~~((his or her))~~ the purchaser's place of residence to assure that such purchases are not first used substantially in the state of Washington.

(2) Notwithstanding anything to the contrary in this chapter, if parts or other tangible personal property are installed by the seller during the course of repairing, cleaning, altering, or improving motor vehicles, trailers, or campers and the seller makes a separate charge for the tangible personal property, the tax levied by RCW 82.08.020 does not apply to the separately stated charge to a nonresident purchaser for the tangible personal property but only if the separately stated charge does not exceed either the seller's current publicly stated retail price for the tangible personal property or, if no publicly stated retail price is available, the seller's cost for the tangible personal property. However, the exemption provided by this section does not apply if tangible personal property is installed by the seller during the course of repairing, cleaning, altering, or improving motor vehicles, trailers, or campers and the seller makes a single nonitemized charge for providing the tangible personal property and service. All of the ~~((requirements))~~ provisions in subsections (1) and (3) through ~~((6))~~ (7) of this section apply to this subsection.

(3)(a) Any person claiming exemption from retail sales tax under the provisions of this section must ~~((display proof of his or her current nonresident status as provided in this section))~~ pay the state and local sales tax to the seller at the time of purchase and then request a remittance from the department in accordance with this subsection and subsection (4) of this section. A request for remittance must include proof of the person's status as a nonresident at the time of the purchase for which a remittance is requested. The request for a remittance must also include any additional information and documentation as required by the department, which may include a description of the item purchased for which a remittance is requested, the sales price of the item, the amount of state and local sales tax paid on the item, the date of the purchase, the name of the seller and the physical address where the sale took place, and copies of sales receipts showing the qualified purchases.

(b) Acceptable proof of a nonresident person's status includes one piece of identification such as a valid driver's license from the jurisdiction in which the out-of-state residency is claimed or a valid identification card which has a photograph of the holder and is issued by the out-of-state jurisdiction. Identification under this subsection (3)(b) must show the holder's residential address and have as one of

its legal purposes the establishment of residency in that out-of-state jurisdiction.

(c) In lieu of furnishing proof of a person's nonresident status under (b) of this subsection (3), a person claiming exemption from retail sales tax under the provisions of this section may provide the seller with an exemption certificate in compliance with subsection (4)(b) of this section.

~~(4)(a) ((Nothing in this section requires the vendor to make tax exempt retail sales to nonresidents. A vendor may choose to make sales to nonresidents, collect the sales tax, and remit the amount of sales tax collected to the state as otherwise provided by law. If the vendor chooses to make a sale to a nonresident without collecting the sales tax, the vendor must examine the purchaser's proof of nonresidence, determine whether the proof is acceptable under subsection (3)(b) of this section, and maintain records for each nontaxable sale which shall show the type of proof accepted, including any identification numbers where appropriate, and the expiration date, if any.~~

~~(b) In lieu of using the method provided in (a) of this subsection to document an exempt sale to a nonresident, a seller may accept from the purchaser a properly completed uniform exemption certificate approved by the streamlined sales and use tax agreement governing board or any other exemption certificate as may be authorized by the department and properly completed by the purchaser. A nonresident purchaser who uses an exemption certificate authorized in this subsection (4)(b) must include the purchaser's driver's license number or other state issued identification number and the state of issuance.~~

~~(c) In lieu of using the methods provided in (a) and (b) of this subsection to document an exempt sale to a nonresident, a seller may capture the relevant data elements as allowed under the streamlined sales and use tax agreement.~~

~~(5)(a) Any person making fraudulent statements, which includes the offer of fraudulent identification or fraudulently procured identification to a vendor, in order to purchase goods without paying retail sales tax is guilty of perjury under chapter 9A.72 RCW.~~

~~(b) Any person making tax exempt purchases under this section by displaying proof of identification not his or her own, or counterfeit identification, with intent to violate the provisions of this section, is guilty of a misdemeanor and, in addition, is liable for the tax and subject to a penalty equal to the greater of one hundred dollars or the tax due on such purchases.~~

~~(6)(a) Any vendor who makes sales without collecting the tax and who fails to maintain records of sales to nonresidents as provided in this section is personally liable for the amount of tax due.~~

~~(b) Any vendor who makes sales without collecting the retail sales tax under this section and who has actual knowledge that the purchaser's proof of identification establishing out of state residency is fraudulent is guilty of a misdemeanor and, in addition, is liable for the tax and subject to a penalty equal to the greater of one thousand dollars or the tax due on such sales. In addition, both the purchaser and the vendor are liable for any penalties and interest assessable under chapter 82.32 RCW.)~~ (i) Beginning January 1, 2014, through December 31, 2014, a person may request a remittance from the department for state and local sales taxes paid by the person on qualified retail purchases made in Washington between July 1, 2013, and December 31, 2013.

(ii) Beginning January 1, 2014, a person may request a remittance from the department during any calendar year for state and local sales taxes paid by the person on qualified retail purchases made in Washington during the immediately preceding calendar year only. No application may be made with respect to purchases made before the immediately preceding calendar year.

(b) The remittance request, including proof of nonresident status and any other documentation and information required by the department, must be made using an electronic application process as prescribed by the department. Only one remittance request may be

made by a person per calendar year.

(c) The total amount of a remittance request must be at least twenty-five dollars. The department must deny any request for a remittance that is less than twenty-five dollars.

(d) The department will examine the applicant's proof of nonresident status and any other documentation and information as required in the application to determine whether the applicant is entitled to a remittance under this section.

(5)(a) Any person making fraudulent statements to the department, which includes the offer of fraudulent or fraudulently procured identification or fraudulent sales receipts, in order to receive a remittance of retail sales tax is guilty of perjury under chapter 9A.72 RCW.

(b) Any person requesting a remittance of sales tax from the department by providing proof of identification or sales receipts not the person's own, or counterfeit identification or sales receipts, with intent to violate the provisions of this section, is guilty of a misdemeanor and, in addition, is liable for the tax and subject to a penalty equal to the greater of one hundred dollars or the tax due on such purchases.

(6) The exemption provided by this section is for both state and local sales taxes. For purposes of this section, "local sales tax" means a sales tax imposed by a local government under the authority of chapter 82.14 RCW, RCW 81.104.170, or other provision of law, and which is imposed on the same taxable event as the state sales tax imposed in this chapter.

(7) A nonresident who receives a refund of sales tax from the seller for any reason with respect to a purchase made in this state is not entitled to a remittance for the tax paid on the purchase. A person who receives both a remittance under this section and a refund from the seller with respect to the same purchase must immediately repay the remittance to the department. Interest as provided in chapter 82.32 RCW applies to amounts due under this section from the date that the department made the remittance until the amount due under this subsection is paid to the department. A person who receives a remittance with respect to a purchase for which the person had, at the time the person submitted the application for a remittance, already received a refund of sales tax from the seller is also liable for the evasion penalty in RCW 82.32.090(7) and is ineligible to receive any further remittances from the department under this section."

Correct the title.

Representatives Wylie, Carlyle and Lytton spoke in favor of the adoption of the amendment.

Representatives Manweller, Haler, Buys, Orcutt, Harris, Ross, Pike, Vick, Johnson, Klippert, Overstreet and Orcutt (again) spoke against the adoption of the amendment.

Amendment (471) was adopted.

Representative Nealey moved the adoption of amendment (468).

On page 39, beginning on line 20, strike all of section 1201 and insert the following:

**"NEW SECTION. Sec. 1201.** The secretary of state shall submit this act to the people for their adoption and ratification, or rejection, at the next general election to be held in this state, in accordance with Article II, section 1 of the state Constitution and the laws adopted to facilitate its operation.

**NEW SECTION. Sec. 1202.** Section 202 of this act takes effect July 1, 2015."

Re-number the remaining section consecutively, correct any internal references accordingly, and correct the title.

Representatives Nealey, Orcutt, Alexander, Shea, Buys, Manweller, Hargrove, Dahlquist and Overstreet spoke in favor of the adoption of the amendment.

Representatives Carlyle, Hunter and Sullivan spoke against the adoption of the amendment.

Amendment (468) was not adopted.

Representative Nealey moved the adoption of amendment (469).

On page 39, beginning on line 20, after "**1201.**" strike all material through "(2)" on line 24  
Correct the title.

Representatives Nealey, Smith, Magendanz, Orcutt, Condotta, Shea, Manweller, Overstreet, O'Ban and Wilcox spoke in favor of the adoption of the amendment.

Representatives Carlyle, Maxwell, Lytton and Pedersen spoke against the adoption of the amendment.

Amendment (469) was not adopted.

The bill was ordered engrossed.

There being no objection, the rules were suspended, the second reading considered the third and the bill was placed on final passage.

Representatives Carlyle, Lytton, Springer, Tharinger, Reykdal, Jinkins and Sullivan spoke in favor of the passage of the bill.

Representatives Nealey, Angel, Magendanz, Klippert, Hawkins, Haler, Walsh, Short, Warnick, Buys, MacEwen, Orcutt, Hayes, Kochmar, Hargrove, Schmick, Scott, Johnson, Dahlquist, Condotta, Shea, Vick and Wilcox spoke against the passage of the bill.

The Speaker (Representative Moeller presiding) stated the question before the House to be the final passage of Engrossed Substitute House Bill No. 2038.

### ROLL CALL

The Clerk called the roll on the final passage of Engrossed Substitute House Bill No. 2038, and the bill passed the House by the following vote: Yeas, 50; Nays, 47; Absent, 0; Excused, 1.

Voting yea: Representatives Appleton, Bergquist, Blake, Carlyle, Clibborn, Cody, Dunshee, Farrell, Fey, Fitzgibbon, Freeman, Goodman, Green, Habib, Hansen, Hudgins, Hunt, Hunter, Jinkins, Kagi, Kirby, Lias, Lytton, Maxwell, McCoy, Moeller, Morris, Moscoso, Ormsby, Orwall, Pedersen, Pettigrew, Pollet, Reykdal, Riccelli, Roberts, Ryu, Santos, Sawyer, Sells, Springer, Stanford, Sullivan, Takko, Tarleton, Tharinger, Upthegrove, Van De Wege, Wylie and Mr. Speaker.

Voting nay: Representatives Alexander, Angel, Buys, Chandler, Condotta, Crouse, Dahlquist, Fagan, Haigh, Haler, Hargrove, Harris, Hawkins, Hayes, Holy, Hope, Hurst, Johnson, Klippert, Kochmar, Kretz, Kristiansen, MacEwen, Magendanz, Manweller, Morrell, Nealey, O'Ban, Orcutt, Overstreet, Parker, Pike, Rodne, Ross, Schmick, Scott, Seaquist, Shea, Short, Smith, Stonier, Taylor, Vick, Walsh, Warnick, Wilcox and Zeiger.

Excused: Representative DeBolt.

ENGROSSED SUBSTITUTE HOUSE BILL NO. 2038, having received the necessary constitutional majority, was declared passed.

### MESSAGES FROM THE SENATE

April 24, 2013

MR. SPEAKER:

The President has signed:

ENGROSSED SENATE BILL NO. 5105  
SUBSTITUTE SENATE BILL NO. 5148  
ENGROSSED SECOND SUBSTITUTE SENATE BILL NO. 5215  
SUBSTITUTE SENATE BILL NO. 5459  
SENATE BILL NO. 5465  
ENGROSSED SUBSTITUTE SENATE BILL NO. 5480  
SUBSTITUTE SENATE BILL NO. 5556  
SUBSTITUTE SENATE BILL NO. 5630  
SENATE BILL NO. 5692  
SENATE BILL NO. 5748  
SENATE JOINT MEMORIAL NO. 8005  
ENGROSSED SUBSTITUTE SENATE CONCURRENT  
RESOLUTION NO. 8401

and the same are herewith transmitted.

Hunter G. Goodman, Secretary

April 24, 2013

MR. SPEAKER:

The President has signed:

SUBSTITUTE HOUSE BILL NO. 1001  
SUBSTITUTE HOUSE BILL NO. 1068  
SUBSTITUTE HOUSE BILL NO. 1076  
SUBSTITUTE HOUSE BILL NO. 1093  
ENGROSSED SECOND SUBSTITUTE HOUSE BILL NO. 1114  
SUBSTITUTE HOUSE BILL NO. 1144  
HOUSE BILL NO. 1178  
HOUSE BILL NO. 1194  
HOUSE BILL NO. 1207  
SUBSTITUTE HOUSE BILL NO. 1265  
SUBSTITUTE HOUSE BILL NO. 1284  
SUBSTITUTE HOUSE BILL NO. 1334  
ENGROSSED SUBSTITUTE HOUSE BILL NO. 1336  
ENGROSSED SUBSTITUTE HOUSE BILL NO. 1341  
SECOND SUBSTITUTE HOUSE BILL NO. 1416  
ENGROSSED SECOND SUBSTITUTE HOUSE BILL NO. 1445  
SUBSTITUTE HOUSE BILL NO. 1472  
HOUSE BILL NO. 1474  
ENGROSSED HOUSE BILL NO. 1493  
ENGROSSED SUBSTITUTE HOUSE BILL NO. 1519  
SUBSTITUTE HOUSE BILL NO. 1525  
SUBSTITUTE HOUSE BILL NO. 1556  
SECOND SUBSTITUTE HOUSE BILL NO. 1566  
ENGROSSED SUBSTITUTE HOUSE BILL NO. 1633  
SECOND SUBSTITUTE HOUSE BILL NO. 1642  
HOUSE BILL NO. 1645  
ENGROSSED SUBSTITUTE HOUSE BILL NO. 1679  
ENGROSSED SUBSTITUTE HOUSE BILL NO. 1688  
HOUSE BILL NO. 1736  
SUBSTITUTE HOUSE BILL NO. 1737  
ENGROSSED SUBSTITUTE HOUSE BILL NO. 1774  
HOUSE BILL NO. 1800  
ENGROSSED HOUSE BILL NO. 1826  
ENGROSSED SUBSTITUTE HOUSE BILL NO. 1846  
SUBSTITUTE HOUSE BILL NO. 1883  
ENGROSSED SUBSTITUTE HOUSE BILL NO. 1968

and the same are herewith transmitted.

Hunter G. Goodman, Secretary

April 24, 2013

MR. SPEAKER:

The President has signed:

SENATE BILL NO. 5092  
 ENGROSSED SENATE BILL NO. 5099  
 SENATE BILL NO. 5102  
 ENGROSSED SENATE BILL NO. 5104  
 SENATE BILL NO. 5113  
 SUBSTITUTE SENATE BILL NO. 5135  
 SENATE BILL NO. 5136  
 SENATE BILL NO. 5145  
 ENGROSSED SENATE BILL NO. 5206  
 SENATE BILL NO. 5220  
 SUBSTITUTE SENATE BILL NO. 5256  
 SUBSTITUTE SENATE BILL NO. 5308  
 SUBSTITUTE SENATE BILL NO. 5369  
 ENGROSSED SECOND SUBSTITUTE SENATE BILL NO. 5389  
 SUBSTITUTE SENATE BILL NO. 5399  
 SUBSTITUTE SENATE BILL NO. 5507  
 SENATE BILL NO. 5674  
 ENGROSSED SENATE BILL NO. 5699  
 ENGROSSED SUBSTITUTE SENATE BILL NO. 5723  
 and the same are herewith transmitted.

Hunter G. Goodman, Secretary

### THIRD READING

#### MESSAGE FROM THE SENATE

April 15, 2013

Mr. Speaker:

The Senate has passed ENGROSSED SUBSTITUTE HOUSE BILL NO. 1253 with the following amendment:

Strike everything after the enacting clause and insert the following:

"Sec. 1. RCW 67.28.1816 and 2008 c 28 s 1 are each amended to read as follows:

(1) Lodging tax revenues under this chapter may be used, directly by ~~((local jurisdictions))~~ any municipality or indirectly through a convention and visitors bureau or destination marketing organization~~(:))~~ for:

(a) Tourism marketing;

~~(b) The marketing and operations of special events and festivals designed to attract tourists ((and to support));~~

~~(c) Supporting the operations and capital expenditures of tourism-related facilities owned or operated by a municipality or a public facilities district created under chapters 35.57 and 36.100 RCW; or~~

~~(d) Supporting the operations of tourism-related facilities owned or operated by nonprofit organizations described under ((section)) 26 U.S.C. Sec. 501(c)(3) and ((section)) 26 U.S.C. Sec. 501(c)(6) of the internal revenue code of 1986, as amended.~~

~~(2) ((Local jurisdictions that use the lodging tax revenues under this section must submit an annual economic impact report to the department of community, trade, and economic development for expenditures made beginning January 1, 2008. These reports must include the expenditures by the local jurisdiction for tourism promotion purposes and what is used by a nonprofit organization exempt from taxation under 26 U.S.C. Sec. 501(c)(3) or 501(c)(6). This economic impact report, at a minimum, must include: (a) The total revenue received under this chapter for each year; (b) the list of festivals, special events, or nonprofit 501(c)(3) or 501(c)(6) organizations that received funds under this chapter; (c) the list of festivals, special events, or tourism facilities sponsored or owned by the local jurisdiction that received funds under this chapter; (d) the amount of revenue expended on each festival, special event, or tourism-related facility owned or sponsored by a nonprofit 501(c)(3) or 501(c)(6) organization or local jurisdiction; (e) the estimated number of tourists, persons traveling over fifty miles to the~~

~~destination, persons remaining at the destination overnight, and lodging stays generated per festival, special event, or tourism related facility owned or sponsored by a nonprofit 501(c)(3) or 501(c)(6) organization or local jurisdiction; and (f) any other measurements the local government finds that demonstrate the impact of the increased tourism attributable to the festival, special event, or tourism related facility owned or sponsored by a nonprofit 501(c)(3) or 501(c)(6) organization or local jurisdiction.~~

~~(3) The joint legislative audit and review committee must report to the legislature and the governor on the use and economic impact of lodging tax revenues by local jurisdictions since January 1, 2008, to support festivals, special events, and tourism related facilities owned or sponsored by a nonprofit organization under section 501(c)(3) or 501(c)(6) of the internal revenue code of 1986, as amended, or a local jurisdiction, and the economic impact generated by these festivals, events, and facilities. This report shall be due September 1, 2012.~~

~~(4) Reporting under this section must begin with calendar year 2008.~~

~~(5) This section expires June 30, 2013.)~~ (a) Except as provided in (b) of this subsection, applicants applying for use of revenues in this chapter must provide the municipality to which they are applying estimates of how any moneys received will result in increases in the number of people traveling for business or pleasure on a trip:

(i) Away from their place of residence or business and staying overnight in paid accommodations;

(ii) To a place fifty miles or more one way from their place of residence or business for the day or staying overnight; or

(iii) From another country or state outside of their place of residence or their business.

(b)(i) In a municipality with a population of five thousand or more, applicants applying for use of revenues in this chapter must submit their applications and estimates described under (a) of this subsection to the local lodging tax advisory committee.

(ii) The local lodging tax advisory committee must select the candidates from amongst the applicants applying for use of revenues in this chapter and provide a list of such candidates and recommended amounts of funding to the municipality for final determination. The municipality may choose only recipients from the list of candidates and recommended amounts provided by the local lodging tax advisory committee.

(c)(i) All recipients must submit a report to the municipality describing the actual number of people traveling for business or pleasure on a trip:

(A) Away from their place of residence or business and staying overnight in paid accommodations;

(B) To a place fifty miles or more one way from their place of residence or business for the day or staying overnight; or

(C) From another country or state outside of their place of residence or their business. A municipality receiving a report must: Make such report available to the local legislative body and the public; and furnish copies of the report to the joint legislative audit and review committee and members of the local lodging tax advisory committee.

(ii) The joint legislative audit and review committee must on a biennial basis report to the economic development committees of the legislature on the use of lodging tax revenues by municipalities. Reporting under this subsection must begin in calendar year 2015.

(d) This section does not apply to the revenues of any lodging tax authorized under this chapter imposed by a county with a population of one million five hundred thousand or more.

Sec. 2. RCW 67.28.080 and 2007 c 497 s 1 are each reenacted and amended to read as follows:

The definitions in this section apply throughout this chapter unless the context clearly requires otherwise.

(1) "Acquisition" includes, but is not limited to, siting, acquisition, design, construction, refurbishing, expansion, repair, and

improvement, including paying or securing the payment of all or any portion of general obligation bonds, leases, revenue bonds, or other obligations issued or incurred for such purpose or purposes under this chapter.

(2) "Municipality" means any county, city or town of the state of Washington.

(3) "Operation" includes, but is not limited to, operation, management, and marketing.

(4) "Person" means the federal government or any agency thereof, the state or any agency, subdivision, taxing district or municipal corporation thereof other than county, city or town, any private corporation, partnership, association, or individual.

(5) "Tourism" means economic activity resulting from tourists, which may include sales of overnight lodging, meals, tours, gifts, or souvenirs.

(6) "Tourism promotion" means activities, operations, and expenditures designed to increase tourism, including but not limited to advertising, publicizing, or otherwise distributing information for the purpose of attracting and welcoming tourists; developing strategies to expand tourism; operating tourism promotion agencies; and funding the marketing of or the operation of special events and festivals designed to attract tourists.

(7) "Tourism-related facility" means real or tangible personal property with a usable life of three or more years, or constructed with volunteer labor that is: (a)(i) Owned by a public entity; (ii) owned by a nonprofit organization described under section 501(c)(3) of the federal internal revenue code of 1986, as amended; or (iii) owned by a nonprofit organization described under section 501(c)(6) of the federal internal revenue code of 1986, as amended, a business organization, destination marketing organization, main street organization, lodging association, or chamber of commerce and (b) used to support tourism, performing arts, or to accommodate tourist activities.

~~((8) "Tourist" means a person who travels from a place of residence to a different town, city, county, state, or country, for purposes of business, pleasure, recreation, education, arts, heritage, or culture.~~

~~—(9) Amendments made in section 1, chapter 497, Laws of 2007 expire June 30, 2013.)~~

**NEW SECTION. Sec. 3.** This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect July 1, 2013."

On page 1, line 1 of the title, after "tax;" strike the remainder of the title and insert "amending RCW 67.28.1816; reenacting and amending RCW 67.28.080; providing an effective date; and declaring an emergency."

and the same is herewith transmitted.

Brad Hendrickson, Deputy, Secretary

#### SENATE AMENDMENT TO HOUSE BILL

There being no objection, the House concurred in the Senate amendment to ENGROSSED SUBSTITUTE HOUSE BILL NO. 1253 and advanced the bill as amended by the Senate to final passage.

#### FINAL PASSAGE OF HOUSE BILL AS SENATE AMENDED

Representatives Springer and Orcutt spoke in favor of the passage of the bill.

The Speaker (Representative Moeller presiding) stated the question before the House to be the final passage of Engrossed Substitute House Bill No. 1253, as amended by the Senate.

#### ROLL CALL

The Clerk called the roll on the final passage of Engrossed Substitute House Bill No. 1253, as amended by the Senate, and the bill passed the House by the following vote: Yeas, 90; Nays, 7; Absent, 0; Excused, 1.

Voting yea: Representatives Alexander, Appleton, Bergquist, Blake, Buys, Carlyle, Chandler, Clibborn, Cody, Crouse, Dahlquist, Dunshee, Fagan, Farrell, Fey, Fitzgibbon, Freeman, Goodman, Green, Habib, Haigh, Haler, Hargrove, Harris, Hawkins, Hayes, Holy, Hope, Hudgins, Hunt, Hunter, Hurst, Jinks, Johnson, Kirby, Klippert, Kochmar, Kretz, Kristiansen, Lias, Lytton, MacEwen, Magendanz, Manweller, Maxwell, McCoy, Moeller, Morrell, Morris, Moscoso, Nealey, O'Ban, Orcutt, Ormsby, Orwall, Parker, Pedersen, Pettigrew, Pike, Pollet, Reykdal, Riccelli, Roberts, Rodne, Ross, Ryu, Santos, Sawyer, Schmick, Seaquist, Sells, Short, Smith, Springer, Stanford, Stonier, Sullivan, Takko, Tarleton, Taylor, Tharinger, Upthegrove, Van De Wege, Vick, Walsh, Warnick, Wilcox, Wylie, Zeiger and Mr. Speaker.

Voting nay: Representatives Angel, Condotta, Hansen, Kagi, Overstreet, Scott and Shea.

Excused: Representative DeBolt.

ENGROSSED SUBSTITUTE HOUSE BILL NO. 1253, as amended by the Senate, having received the necessary constitutional majority, was declared passed.

#### STATEMENT FOR THE JOURNAL

I intended to vote YEA on Engrossed Substitute House Bill No. 1253.

Representative Kagi, 32nd District

#### THIRD READING

#### MESSAGE FROM THE SENATE

April 23, 2013

Mr. Speaker:

The Senate refuses to concur in the House amendment to SUBSTITUTE SENATE BILL NO. 5211 and asks the House to recede therefrom, and the same is herewith transmitted.

Hunter Goodman, Secretary

#### HOUSE AMENDMENT TO SENATE BILL

There being no objection, the House receded from its amendment. The rules were suspended and SUBSTITUTE SENATE BILL NO. 5211 was returned to second reading for the purpose of amendment.

There being no objection, the House reverted to the sixth order of business.

#### SECOND READING

**SUBSTITUTE SENATE BILL NO. 5211, by Senate Committee on Commerce & Labor (originally sponsored by Senators Hobbs, Eide, Kline, Ranker, Hatfield, Harper, Billig,**

**Hasegawa, Kohl-Welles, Shin, Keiser, Frockt, Rolfes, Hill, Conway and Nelson)**

**Concerning social networking accounts and profiles. Revised for 1st Substitute: Concerning social networking accounts and profiles. (REVISED FOR PASSED LEGISLATURE: Concerning personal social networking accounts.)**

The bill was read the second time.

Representative Reykdal moved the adoption of amendment (466).

Strike everything after the enacting clause and insert the following:

**"NEW SECTION. Sec. 1.** A new section is added to chapter 49.44 RCW to read as follows:

(1) An employer may not:

(a) Request, require, or otherwise coerce an employee or applicant to disclose login information for the employee's or applicant's personal social networking account;

(b) Request, require, or otherwise coerce an employee or applicant to access his or her personal social networking account in the employer's presence in a manner that enables the employer to observe the contents of the account;

(c) Compel or coerce an employee or applicant to add a person, including the employer, to the list of contacts associated with the employee's or applicant's personal social networking account;

(d) Request, require, or cause an employee or applicant to alter the settings on his or her personal social networking account that affect a third party's ability to view the contents of the account; or

(e) Take adverse action against an employee or applicant because the employee or applicant refuses to disclose his or her login information, access his or her personal social networking account in the employer's presence, add a person to the list of contacts associated with his or her personal social networking account, or alter the settings on his or her personal social networking account that affect a third party's ability to view the contents of the account.

(2) This section does not apply to an employer's request or requirement that an employee share content from his or her personal social networking account if the following conditions are met:

(a) The employer requests or requires the content to make a factual determination in the course of conducting an investigation;

(b) The employer undertakes the investigation in response to receipt of information about the employee's activity on his or her personal social networking account;

(c) The purpose of the investigation is to: (i) Ensure compliance with applicable laws, regulatory requirements, or prohibitions against work-related employee misconduct; or (ii) investigate an allegation of unauthorized transfer of an employer's proprietary information, confidential information, or financial data to the employee's personal social networking account; and

(d) The employer does not request or require the employee to provide his or her login information.

(3) This section does not:

(a) Apply to a social network, intranet, or other technology platform that is intended primarily to facilitate work-related information exchange, collaboration, or communication by employees or other workers;

(b) Prohibit an employer from requesting or requiring an employee to disclose login information for access to: (i) An account or service provided by virtue of the employee's employment relationship with the employer; or (ii) an electronic

communications device or online account paid for or supplied by the employer;

(c) Prohibit an employer from enforcing existing personnel policies that do not conflict with this section; or

(d) Prevent an employer from complying with the requirements of state or federal statutes, rules or regulations, case law, or rules of self-regulatory organizations.

(4) If, through the use of an employer-provided electronic communications device or an electronic device or program that monitors an employer's network, an employer inadvertently receives an employee's login information, the employer is not liable for possessing the information but may not use the login information to access the employee's personal social networking account.

(5) For the purposes of this section and section 2 of this act:

(a) "Adverse action" means: discharging, disciplining, or otherwise penalizing an employee; threatening to discharge, discipline, or otherwise penalize an employee; and failing or refusing to hire an applicant.

(b) "Applicant" means an applicant for employment.

(c) "Electronic communications device" means a device that uses electronic signals to create, transmit, and receive information, including computers, telephones, personal digital assistants, and other similar devices.

(d) "Employer" means any person, firm, corporation, partnership, business trust, legal representative, or other business entity which engages in any business, industry, profession, or other activity in this state and employs one or more employees, and includes the state, any state institution, state agency, political subdivisions of the state, and any municipal corporation or quasi-municipal corporation. "Employer" includes an agent, a representative, or a designee of the employer.

(e) "Login information" means a user name and password, a password, or other means of authentication that protects access to a personal social networking account.

**NEW SECTION. Sec. 2.** A new section is added to chapter 49.44 RCW to read as follows:

An employee or applicant aggrieved by a violation of section 1 of this act may bring a civil action in a court of competent jurisdiction. The court may:

(1) Award a prevailing employee or applicant injunctive or other equitable relief, actual damages, a penalty in the amount of five hundred dollars, and reasonable attorneys' fees and costs; and

(2) Pursuant to RCW 4.84.185, award any prevailing party against whom an action has been brought for a violation of section 1 of this act reasonable expenses and attorneys' fees upon final judgment and written findings by the trial judge that the action was frivolous and advanced without reasonable cause."

Representatives Reykdal and Holy spoke in favor of the adoption of the amendment.

Amendment (466) was adopted.

There being no objection, the rules were suspended, the second reading considered the third and the bill, as amended by the House, was placed on final passage.

Representatives Sells and Manweller spoke in favor of the passage of the bill.

The Speaker (Representative Moeller presiding) stated the question before the House to be the final passage of Substitute Senate Bill No. 5211, as amended by the House.

**ROLL CALL**



The Clerk called the roll on the final passage of Substitute Senate Bill No. 5211, as amended by the House, and the bill passed the House by the following vote: Yeas, 97; Nays, 0; Absent, 0; Excused, 1.

Voting yea: Representatives Alexander, Angel, Appleton, Bergquist, Blake, Buys, Carlyle, Chandler, Clibborn, Cody, Condotta, Crouse, Dahlquist, Dunshee, Fagan, Farrell, Fey, Fitzgibbon, Freeman, Goodman, Green, Habib, Haigh, Haler, Hansen, Hargrove, Harris, Hawkins, Hayes, Holy, Hope, Hudgins, Hunt, Hunter, Hurst, Jinkins, Johnson, Kagi, Kirby, Klippert, Kochmar, Kretz, Kristiansen, Liias, Lytton, MacEwen, Magendanz, Manweller, Maxwell, McCoy, Moeller, Morrell, Morris, Moscoso, Nealey, O'Ban, Orcutt, Ormsby, Orwall, Overstreet, Parker, Pedersen, Pettigrew, Pike, Pollet, Reykdal, Riccelli, Roberts, Rodne, Ross, Ryu, Santos, Sawyer, Schmick, Scott, Seaquist, Sells, Shea, Short, Smith, Springer, Stanford, Stonier, Sullivan, Takko, Tarleton, Taylor, Tharinger, Upthegrove, Van De Wege, Vick, Walsh, Warnick, Wilcox, Wylie, Zeiger and Mr. Speaker.

Excused: Representative DeBolt.

SUBSTITUTE SENATE BILL NO. 5211, as amended by the House, having received the necessary constitutional majority, was declared passed.

#### MESSAGE FROM THE SENATE

April 18, 2013

Mr. Speaker:

The Senate refuses to concur in the House amendment to SECOND SUBSTITUTE SENATE BILL NO. 5732 and asks the House to recede therefrom, and the same is herewith transmitted.

Hunter Goodman, Secretary

#### HOUSE AMENDMENT TO SENATE BILL

There being no objection, the House receded from its amendment. The rules were suspended and SECOND SUBSTITUTE SENATE BILL NO. 5732 was returned to second reading for the purpose of amendment.

There being no objection, the House reverted to the sixth order of business.

#### SECOND READING

**SECOND SUBSTITUTE SENATE BILL NO. 5732, by Senate Committee on Ways & Means (originally sponsored by Senators Carrell, Darneille, Keiser and Pearson)**

**Concerning the adult behavioral health system in Washington state.**

The bill was read the second time.

Representative Green moved the adoption of amendment (470).

Strike everything after the enacting clause and insert the following:

**"NEW SECTION. Sec. 1.** (1)(a) Beginning May 1, 2014, the legislature shall convene a task force to examine reform of the adult behavioral health system, with voting members as provided in this subsection.

(i) The president of the senate shall appoint one member from each of the two largest caucuses of the senate.

(ii) The speaker of the house of representatives shall appoint one member from each of the two largest caucuses in the house of representatives.

(iii) The governor shall appoint five members consisting of the secretary of the department of social and health services or the secretary's designee, the director of the health care authority or the director's designee, the director of the office of financial management or the director's designee, the secretary of the department of corrections or the secretary's designee, and a representative of the governor.

(iv) The governor shall request participation by a representative of tribal governments.

(b) The task force shall choose two cochairs from among its legislative members.

(c) The task force shall adopt a bottom-up approach and welcome input and participation from all stakeholders interested in the improvement of the adult behavioral health system. To that end, the task force must invite participation from, at a minimum, the following: Behavioral health service recipients and their families; local government; representatives of regional support networks; representatives of county coordinators; law enforcement; city and county jails; tribal representatives; behavioral health service providers; housing providers; labor representatives; counties with state hospitals; mental health advocates; public defenders with involuntary mental health commitment or mental health court experience; medicaid managed care plan representatives; long-term care service providers; the Washington state hospital association; and individuals with expertise in evidence-based and research-based behavioral health service practices. Leadership of subcommittees formed by the task force may be drawn from this body of invited participants.

(2) The task force shall undertake a systemwide review of the adult behavioral health system and make recommendations for reform concerning, but not limited to, the following:

(a) The means by which services are delivered for adults with mental illness and chemical dependency disorders;

(b) Availability of effective means to promote recovery and prevent harm associated with mental illness;

(c) Crisis services, including boarding of mental health patients outside of regularly certified treatment beds;

(d) Best practices for cross-system collaboration between behavioral health treatment providers, medical care providers, long-term care service providers, entities providing health home services to high-risk medicaid clients, law enforcement, and criminal justice agencies; and

(e) Public safety practices involving persons with mental illness with forensic involvement.

(3) Staff support for the task force must be provided by the senate committee services and the house of representatives office of program research.

(4) Legislative members of the task force must be reimbursed for travel expenses in accordance with RCW 44.04.120. Nonlegislative members, except those representing an employer or organization, are entitled to be reimbursed for travel expenses in accordance with RCW 43.03.050 and 43.03.060.

(5) The expenses of the task force must be paid jointly by the senate and house of representatives. Task force expenditures are subject to approval by the senate facilities and operations committee and the house of representatives executive rules committee, or their successor committees.

(6) The task force shall report its findings and recommendations to the governor and the appropriate committees of the legislature by January 1, 2015.

(7) This section expires June 1, 2015.

**NEW SECTION. Sec. 2.** A new section is added to chapter 43.20A RCW to read as follows:

(1) The systems responsible for financing, administration, and delivery of publicly funded mental health and chemical dependency services to adults must be designed and administered to achieve improved outcomes for adult clients served by those systems through increased use and development of evidence-based, research-based, and promising practices, as defined in RCW 71.24.025. For purposes of this section, client outcomes include: Improved health status; increased participation in employment and education; reduced involvement with the criminal justice system; enhanced safety and access to treatment for forensic patients; reduction in avoidable utilization of and costs associated with hospital, emergency room, and crisis services; increased housing stability; improved quality of life, including measures of recovery and resilience; and decreased population level disparities in access to treatment and treatment outcomes.

(2) The department and the health care authority must implement a strategy for the improvement of the adult behavioral health system.

(a) The department must establish a steering committee that includes at least the following members: Behavioral health service recipients and their families; local government; representatives of regional support networks; representatives of county coordinators; law enforcement; city and county jails; tribal representatives; behavioral health service providers, including at least one chemical dependency provider and at least one psychiatric advanced registered nurse practitioner; housing providers; medicaid managed care plan representatives; long-term care service providers; organizations representing health care professionals providing services in mental health settings; the Washington state hospital association; the Washington state medical association; individuals with expertise in evidence-based and research-based behavioral health service practices; and the health care authority.

(b) The adult behavioral health system improvement strategy must include:

(i) An assessment of the capacity of the current publicly funded behavioral health services system to provide evidence-based, research-based, and promising practices;

(ii) Identification, development, and increased use of evidence-based, research-based, and promising practices;

(iii) Design and implementation of a transparent quality management system, including analysis of current system capacity to implement outcomes reporting and development of baseline and improvement targets for each outcome measure provided in this section;

(iv) Identification and phased implementation of service delivery, financing, or other strategies that will promote improvement of the behavioral health system as described in this section and incentivize the medical care, behavioral health, and long-term care service delivery systems to achieve the improvements described in this section and collaborate across systems. The strategies must include phased implementation of public reporting of outcome and performance measures in a form that allows for comparison of performance and levels of improvement between geographic regions of Washington; and

(v) Identification of effective methods for promoting workforce capacity, efficiency, stability, diversity, and safety.

(c) The department must seek private foundation and federal grant funding to support the adult behavioral health system improvement strategy.

(d) By May 15, 2014, the Washington state institute for public policy, in consultation with the department, the University of Washington evidence-based practice institute, the University of Washington alcohol and drug abuse institute, and the Washington institute for mental health research and training, shall prepare an inventory of evidence-based, research-based, and promising practices

for prevention and intervention services pursuant to subsection (1) of this section. The department shall use the inventory in preparing the behavioral health improvement strategy. The department shall provide the institute with data necessary to complete the inventory.

(e) By August 1, 2014, the department must report to the governor and the relevant fiscal and policy committees of the legislature on the status of implementation of the behavioral health improvement strategy, including strategies developed or implemented to date, timelines, and costs to accomplish phased implementation of the adult behavioral health system improvement strategy.

(3) The department must contract for the services of an independent consultant to review the provision of forensic mental health services in Washington state and provide recommendations as to whether and how the state's forensic mental health system should be modified to provide an appropriate treatment environment for individuals with mental disorders who have been charged with a crime while enhancing the safety and security of the public and other patients and staff at forensic treatment facilities. By August 1, 2014, the department must submit a report regarding the recommendations of the independent consultant to the governor and the relevant fiscal and policy committees of the legislature.

**NEW SECTION. Sec. 3.** A new section is added to chapter 70.97 RCW to read as follows:

To the extent that funds are specifically appropriated for this purpose, the department must issue a request for a proposal for enhanced services facility services by June 1, 2014, and complete the procurement process by January 1, 2015.

**NEW SECTION. Sec. 4.** A new section is added to chapter 71.05 RCW to read as follows:

When a person has been involuntarily committed for treatment to a hospital for a period of ninety or one hundred eighty days, and the superintendent or professional person in charge of the hospital determines that the person no longer requires active psychiatric treatment at an inpatient level of care, the regional support network responsible for resource management services for the person must work with the hospital to develop an individualized discharge plan and arrange for a transition to the community in accordance with the person's individualized discharge plan within twenty-one days of the determination.

**Sec. 5.** RCW 71.24.025 and 2012 c 10 s 59 are each amended to read as follows:

Unless the context clearly requires otherwise, the definitions in this section apply throughout this chapter.

(1) "Acutely mentally ill" means a condition which is limited to a short-term severe crisis episode of:

(a) A mental disorder as defined in RCW 71.05.020 or, in the case of a child, as defined in RCW 71.34.020;

(b) Being gravely disabled as defined in RCW 71.05.020 or, in the case of a child, a gravely disabled minor as defined in RCW 71.34.020; or

(c) Presenting a likelihood of serious harm as defined in RCW 71.05.020 or, in the case of a child, as defined in RCW 71.34.020.

(2) "Available resources" means funds appropriated for the purpose of providing community mental health programs, federal funds, except those provided according to Title XIX of the Social Security Act, and state funds appropriated under this chapter or chapter 71.05 RCW by the legislature during any biennium for the purpose of providing residential services, resource management services, community support services, and other mental health services. This does not include funds appropriated for the purpose of operating and administering the state psychiatric hospitals.

(3) "Child" means a person under the age of eighteen years.

(4) "Chronically mentally ill adult" or "adult who is chronically mentally ill" means an adult who has a mental disorder and meets at least one of the following criteria:

(a) Has undergone two or more episodes of hospital care for a mental disorder within the preceding two years; or

(b) Has experienced a continuous psychiatric hospitalization or residential treatment exceeding six months' duration within the preceding year; or

(c) Has been unable to engage in any substantial gainful activity by reason of any mental disorder which has lasted for a continuous period of not less than twelve months. "Substantial gainful activity" shall be defined by the department by rule consistent with Public Law 92-603, as amended.

(5) "Clubhouse" means a community-based program that provides rehabilitation services and is certified by the department of social and health services.

(6) "Community mental health program" means all mental health services, activities, or programs using available resources.

(7) "Community mental health service delivery system" means public or private agencies that provide services specifically to persons with mental disorders as defined under RCW 71.05.020 and receive funding from public sources.

(8) "Community support services" means services authorized, planned, and coordinated through resource management services including, at a minimum, assessment, diagnosis, emergency crisis intervention available twenty-four hours, seven days a week, prescreening determinations for persons who are mentally ill being considered for placement in nursing homes as required by federal law, screening for patients being considered for admission to residential services, diagnosis and treatment for children who are acutely mentally ill or severely emotionally disturbed discovered under screening through the federal Title XIX early and periodic screening, diagnosis, and treatment program, investigation, legal, and other nonresidential services under chapter 71.05 RCW, case management services, psychiatric treatment including medication supervision, counseling, psychotherapy, assuring transfer of relevant patient information between service providers, recovery services, and other services determined by regional support networks.

(9) "Consensus-based" means a program or practice that has general support among treatment providers and experts, based on experience or professional literature, and may have anecdotal or case study support, or that is agreed but not possible to perform studies with random assignment and controlled groups.

(10) "County authority" means the board of county commissioners, county council, or county executive having authority to establish a community mental health program, or two or more of the county authorities specified in this subsection which have entered into an agreement to provide a community mental health program.

(11) "Department" means the department of social and health services.

(12) "Designated mental health professional" means a mental health professional designated by the county or other authority authorized in rule to perform the duties specified in this chapter.

(13) "Emerging best practice" or "promising practice" means a ~~(practice that presents, based on preliminary information, potential for becoming a research-based or consensus based practice)~~ program or practice that, based on statistical analyses or a well established theory of change, shows potential for meeting the evidence-based or research-based criteria, which may include the use of a program that is evidence-based for outcomes other than those listed in subsection (14) of this section.

(14) "Evidence-based" means a program or practice that has ~~(had multiple site random controlled trials across heterogeneous populations demonstrating that the program or practice is effective for the population)~~ been tested in heterogeneous or intended populations with multiple randomized, or statistically controlled evaluations, or both; or one large multiple site randomized, or statistically controlled evaluation, or both, where the weight of the evidence from a systemic review demonstrates sustained improvements in at least one outcome.

"Evidence-based" also means a program or practice that can be implemented with a set of procedures to allow successful replication in Washington and, when possible, is determined to be cost-beneficial.

(15) "Licensed service provider" means an entity licensed according to this chapter or chapter 71.05 RCW or an entity deemed to meet state minimum standards as a result of accreditation by a recognized behavioral health accrediting body recognized and having a current agreement with the department, that meets state minimum standards or persons licensed under chapter 18.57, 18.71, 18.83, or 18.79 RCW, as it applies to registered nurses and advanced registered nurse practitioners.

(16) "Long-term inpatient care" means inpatient services for persons committed for, or voluntarily receiving intensive treatment for, periods of ninety days or greater under chapter 71.05 RCW. "Long-term inpatient care" as used in this chapter does not include: (a) Services for individuals committed under chapter 71.05 RCW who are receiving services pursuant to a conditional release or a court-ordered less restrictive alternative to detention; or (b) services for individuals voluntarily receiving less restrictive alternative treatment on the grounds of the state hospital.

(17) "Mental health services" means all services provided by regional support networks and other services provided by the state for persons who are mentally ill.

(18) "Mentally ill persons," "persons who are mentally ill," and "the mentally ill" mean persons and conditions defined in subsections (1), (4), (27), and (28) of this section.

(19) "Recovery" means the process in which people are able to live, work, learn, and participate fully in their communities.

(20) "Regional support network" means a county authority or group of county authorities or other entity recognized by the secretary in contract in a defined region.

(21) "Registration records" include all the records of the department, regional support networks, treatment facilities, and other persons providing services to the department, county departments, or facilities which identify persons who are receiving or who at any time have received services for mental illness.

(22) "Research-based" means a program or practice that has ~~((some research demonstrating effectiveness, but that does not yet meet the standard of evidence-based practices))~~ been tested with a single randomized, or statistically controlled evaluation, or both, demonstrating sustained desirable outcomes; or where the weight of the evidence from a systemic review supports sustained outcomes as described in subsection (14) of this section but does not meet the full criteria for evidence-based.

(23) "Residential services" means a complete range of residences and supports authorized by resource management services and which may involve a facility, a distinct part thereof, or services which support community living, for persons who are acutely mentally ill, adults who are chronically mentally ill, children who are severely emotionally disturbed, or adults who are seriously disturbed and determined by the regional support network to be at risk of becoming acutely or chronically mentally ill. The services shall include at least evaluation and treatment services as defined in chapter 71.05 RCW, acute crisis respite care, long-term adaptive and rehabilitative care, and supervised and supported living services, and shall also include any residential services developed to service persons who are mentally ill in nursing homes, assisted living facilities, and adult family homes, and may include outpatient services provided as an element in a package of services in a supported housing model. Residential services for children in out-of-home placements related to their mental disorder shall not include the costs of food and shelter, except for children's long-term residential facilities existing prior to January 1, 1991.

(24) "Resilience" means the personal and community qualities that enable individuals to rebound from adversity, trauma, tragedy, threats, or other stresses, and to live productive lives.

(25) "Resource management services" mean the planning, coordination, and authorization of residential services and community support services administered pursuant to an individual service plan for: (a) Adults and children who are acutely mentally ill; (b) adults who are chronically mentally ill; (c) children who are severely emotionally disturbed; or (d) adults who are seriously disturbed and determined solely by a regional support network to be at risk of becoming acutely or chronically mentally ill. Such planning, coordination, and authorization shall include mental health screening for children eligible under the federal Title XIX early and periodic screening, diagnosis, and treatment program. Resource management services include seven day a week, twenty-four hour a day availability of information regarding enrollment of adults and children who are mentally ill in services and their individual service plan to designated mental health professionals, evaluation and treatment facilities, and others as determined by the regional support network.

(26) "Secretary" means the secretary of social and health services.

(27) "Seriously disturbed person" means a person who:

(a) Is gravely disabled or presents a likelihood of serious harm to himself or herself or others, or to the property of others, as a result of a mental disorder as defined in chapter 71.05 RCW;

(b) Has been on conditional release status, or under a less restrictive alternative order, at some time during the preceding two years from an evaluation and treatment facility or a state mental health hospital;

(c) Has a mental disorder which causes major impairment in several areas of daily living;

(d) Exhibits suicidal preoccupation or attempts; or

(e) Is a child diagnosed by a mental health professional, as defined in chapter 71.34 RCW, as experiencing a mental disorder which is clearly interfering with the child's functioning in family or school or with peers or is clearly interfering with the child's personality development and learning.

(28) "Severely emotionally disturbed child" or "child who is severely emotionally disturbed" means a child who has been determined by the regional support network to be experiencing a mental disorder as defined in chapter 71.34 RCW, including those mental disorders that result in a behavioral or conduct disorder, that is clearly interfering with the child's functioning in family or school or with peers and who meets at least one of the following criteria:

(a) Has undergone inpatient treatment or placement outside of the home related to a mental disorder within the last two years;

(b) Has undergone involuntary treatment under chapter 71.34 RCW within the last two years;

(c) Is currently served by at least one of the following child-serving systems: Juvenile justice, child-protection/welfare, special education, or developmental disabilities;

(d) Is at risk of escalating maladjustment due to:

(i) Chronic family dysfunction involving a caretaker who is mentally ill or inadequate;

(ii) Changes in custodial adult;

(iii) Going to, residing in, or returning from any placement outside of the home, for example, psychiatric hospital, short-term inpatient, residential treatment, group or foster home, or a correctional facility;

(iv) Subject to repeated physical abuse or neglect;

(v) Drug or alcohol abuse; or

(vi) Homelessness.

(29) "State minimum standards" means minimum requirements established by rules adopted by the secretary and necessary to implement this chapter for: (a) Delivery of mental health services; (b) licensed service providers for the provision of mental health services;

(c) residential services; and (d) community support services and resource management services.

(30) "Treatment records" include registration and all other records concerning persons who are receiving or who at any time have received services for mental illness, which are maintained by the department, by regional support networks and their staffs, and by treatment facilities. Treatment records do not include notes or records maintained for personal use by a person providing treatment services for the department, regional support networks, or a treatment facility if the notes or records are not available to others.

(31) "Tribal authority," for the purposes of this section and RCW 71.24.300 only, means: The federally recognized Indian tribes and the major Indian organizations recognized by the secretary insofar as these organizations do not have a financial relationship with any regional support network that would present a conflict of interest.

**Sec. 6.** RCW 18.19.210 and 2008 c 135 s 9 are each amended to read as follows:

(1)(a) An applicant for registration as an agency affiliated counselor who applies to the department within seven days of employment by an agency may work as an agency affiliated counselor for up to sixty days while the application is processed. The applicant must stop working on the sixtieth day of employment if the registration has not been granted for any reason.

(b) The applicant may not provide unsupervised counseling prior to completion of a criminal background check performed by either the employer or the secretary. For purposes of this subsection, "unsupervised" means the supervisor is not physically present at the location where the counseling occurs.

(2) Agency affiliated counselors shall notify the department if they are either no longer employed by the agency identified on their application or are now employed with another agency, or both. Agency affiliated counselors may not engage in the practice of counseling unless they are currently affiliated with an agency.

**NEW SECTION. Sec. 7.** A new section is added to chapter 43.20A RCW to read as follows:

(1) By November 30, 2013, the department and the health care authority must report to the governor and the relevant fiscal and policy committees of the legislature, consistent with RCW 43.01.036, a plan that establishes a tribal-centric behavioral health system incorporating both mental health and chemical dependency services. The plan must assure that child, adult, and older adult American Indians and Alaskan Natives eligible for medicaid have increased access to culturally appropriate mental health and chemical dependency services. The plan must:

(a) Include implementation dates, major milestones, and fiscal estimates as needed;

(b) Emphasize the use of culturally appropriate evidence-based and promising practices;

(c) Address equitable access to crisis services, outpatient care, voluntary and involuntary hospitalization, and behavioral health care coordination;

(d) Identify statutory changes necessary to implement the tribal-centric behavioral health system; and

(e) Be developed with the department's Indian policy advisory committee and the American Indian health commission, in consultation with Washington's federally recognized tribes.

(2) The department shall enter into agreements with the tribes and urban Indian health programs and modify regional support network contracts as necessary to develop a tribal-centric behavioral health system that better serves the needs of the tribes.

**NEW SECTION. Sec. 8.** Section 4 of this act takes effect July 1, 2018."

Correct the title.

Representative Green spoke in favor of the adoption of the amendment.

Amendment (470) was adopted.

There being no objection, the rules were suspended, the second reading considered the third and the bill, as amended by the House, was placed on final passage.

Representatives Cody and Schmick spoke in favor of the passage of the bill.

The Speaker (Representative Moeller presiding) stated the question before the House to be the final passage of Second Substitute Senate Bill No. 5732, as amended by the House.

### ROLL CALL

The Clerk called the roll on the final passage of Second Substitute Senate Bill No. 5732, as amended by the House, and the bill passed the House by the following vote: Yeas, 94; Nays, 3; Absent, 0; Excused, 1.

Voting yea: Representatives Alexander, Angel, Appleton, Bergquist, Blake, Buys, Carlyle, Chandler, Clibborn, Cody, Condotta, Crouse, Dahlquist, Dunshee, Fagan, Farrell, Fey, Fitzgibbon, Freeman, Goodman, Green, Habib, Haigh, Haler, Hansen, Hargrove, Harris, Hawkins, Hayes, Holy, Hope, Hudgins, Hunt, Hunter, Hurst, Jinkins, Johnson, Kagi, Kirby, Klippert, Kochmar, Kretz, Kristiansen, Liias, Lytton, MacEwen, Magendanz, Manweller, Maxwell, McCoy, Moeller, Morrell, Morris, Moscoso, Nealey, O'Ban, Orcutt, Ormsby, Orwall, Parker, Pedersen, Pettigrew, Pike, Pollet, Reykdal, Riccelli, Roberts, Rodne, Ross, Ryu, Santos, Sawyer, Schmick, Seaquist, Sells, Shea, Short, Smith, Springer, Stanford, Stonier, Sullivan, Takko, Tarleton, Tharinger, Upthegrove, Van De Wege, Vick, Walsh, Warnick, Wilcox, Wylie, Zeiger and Mr. Speaker.

Voting nay: Representatives Overstreet, Scott and Taylor.  
Excused: Representative DeBolt.

SECOND SUBSTITUTE SENATE BILL NO. 5732, as amended by the House, having received the necessary constitutional majority, was declared passed.

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

There being no objection, the Committee on Agriculture & Natural Resources was relieved of SENATE BILL NO. 5193, and the bill was placed on the second reading calendar.

There being no objection, the Committee on Transportation was relieved of SENATE BILL NO. 5024, and the bill 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 10:00 a.m., April 25, 2013, the 102nd Day of the Regular Session.

FRANK CHOPP, Speaker

BARBARA BAKER, Chief Clerk

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