

NINETY-FIFTH DAY

MORNING SESSION

Senate Chamber, Olympia, Thursday, April 12, 2007

The Senate was called to order at 9:00 a.m. by President Owen. The Secretary called the roll and announced to the President that all Senators were present with the exception of Senators Brown, Haugen, Jacobsen, Spanel and Zarelli.

The Sergeant at Arms Color Guard consisting of Pages Kember Call and Matthew Hudgins, presented the Colors. Reverend Anna Grace of Unity Church offered the prayer.

MOTION

On motion of Senator Eide, the reading of the Journal of the previous day was dispensed with and it was approved.

MOTION

On motion of Senator Eide, the Senate advanced to the fourth order of business.

MESSAGE FROM THE HOUSE

April 11, 2007

MR. PRESIDENT:

The House has passed the following bills:

ENGROSSED SUBSTITUTE SENATE BILL NO. 5297,
and the same is herewith transmitted.

RICHARD NAFZIGER, Chief Clerk

MESSAGE FROM THE HOUSE

April 11, 2007

MR. PRESIDENT:

The Speaker has signed:

SUBSTITUTE SENATE BILL NO. 5032,
SECOND SUBSTITUTE SENATE BILL NO. 5114,
SENATE BILL NO. 5206,
SUBSTITUTE SENATE BILL NO. 5219,
SUBSTITUTE SENATE BILL NO. 5225,
SUBSTITUTE SENATE BILL NO. 5244,
SENATE BILL NO. 5258,
SENATE BILL NO. 5259,
ENGROSSED SUBSTITUTE SENATE BILL NO. 5373,
SUBSTITUTE SENATE BILL NO. 5475,
SUBSTITUTE SENATE BILL NO. 5483,
SENATE BILL NO. 5613,
SENATE BILL NO. 5778,
SENATE BILL NO. 5798,
SECOND SUBSTITUTE SENATE BILL NO. 5806,
SUBSTITUTE SENATE BILL NO. 5919,
SENATE BILL NO. 6090,
SENATE BILL NO. 6129,
SUBSTITUTE SENATE JOINT MEMORIAL NO. 8012,
and the same are herewith transmitted.

RICHARD NAFZIGER, Chief Clerk

MESSAGE FROM THE HOUSE

April 11, 2007

MR. PRESIDENT:

The House has passed the following bills:

SUBSTITUTE HOUSE BILL NO. 2378

SENATE BILL NO. 5123,
SENATE BILL NO. 5773,
and the same are herewith transmitted.

RICHARD NAFZIGER, Chief Clerk

MESSAGE FROM THE HOUSE

April 11, 2007

MR. PRESIDENT:

The Speaker has signed:

HOUSE BILL NO. 1344,
SUBSTITUTE HOUSE BILL NO. 1500,
HOUSE BILL NO. 1528,
SUBSTITUTE HOUSE BILL NO. 1669,
ENGROSSED HOUSE BILL NO. 1688,
ENGROSSED SUBSTITUTE HOUSE BILL NO. 1981
and the same are herewith transmitted.

RICHARD NAFZIGER, Chief Clerk

SIGNED BY THE PRESIDENT

The President signed:

HOUSE BILL NO. 1344,
SUBSTITUTE HOUSE BILL NO. 1500,
HOUSE BILL NO. 1528,
SUBSTITUTE HOUSE BILL NO. 1669,
ENGROSSED HOUSE BILL NO. 1688,
ENGROSSED SUBSTITUTE HOUSE BILL NO. 1981,

MOTION

On motion of Senator Eide, the Senate advanced to the sixth order of business.

**SECOND READING
CONFIRMATION OF GUBERNATORIAL APPOINTMENTS**

MOTION

Senator Hargrove moved that Gubernatorial Appointment No. 9127, Roger K. Jackson, as a member of the Western State Hospital Advisory Board, be confirmed.

Senator Hargrove spoke in favor of the motion.

MOTION

On motion of Senator Brandland, Senator Zarelli was excused.

MOTION

On motion of Senator Regala, Senators Haugen and Spanel were excused.

APPOINTMENT OF ROGER K. JACKSON

The President declared the question before the Senate to be the confirmation of Gubernatorial Appointment No. 9127, Roger K. Jackson as a member of the Western State Hospital Advisory Board.

The Secretary called the roll on the confirmation of Gubernatorial Appointment No. 9127, Roger K. Jackson as a member of the Western State Hospital Advisory Board and the appointment was confirmed by the following vote:
Yeas, 44; Nays, 0; Absent, 2; Excused, 3.

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Voting yea: Senators Benton, Berkey, Brandland, Carrell, Clements, Delvin, Eide, Fairley, Franklin, Fraser, Hargrove, Hatfield, Hewitt, Hobbs, Holmquist, Honeyford, Kastama, Kauffman, Keiser, Kilmer, Kline, Kohl-Welles, Marr, McAuliffe, McCaslin, Morton, Murray, Oemig, Parlette, Pflug, Poulsen, Prentice, Pridemore, Rasmussen, Regala, Roach, Rockefeller, Schoesler, Sheldon, Shin, Stevens, Swecker, Tom and Weinstein - 44

Absent: Senators Brown and Jacobsen - 2

Excused: Senators Haugen, Spanel and Zarelli - 3

Gubernatorial Appointment No. 9127, Roger K. Jackson, having received the constitutional majority was declared confirmed as a member of the Western State Hospital Advisory Board.

MOTION

On motion of Senator Regala, Senators Brown, Jacobsen and Prentice were excused.

SECOND READING

CONFIRMATION OF GUBERNATORIAL APPOINTMENTS

MOTION

Senator Hargrove moved that Gubernatorial Appointment No. 9142, Sheryl Lamberton, Ph. D., as a member of the Western State Hospital Advisory Board, be confirmed.

Senator Hargrove spoke in favor of the motion.

APPOINTMENT OF SHERYL LAMBERTON, PH. D.

The President declared the question before the Senate to be the confirmation of Gubernatorial Appointment No. 9142, Sheryl Lamberton, Ph. D. as a member of the Western State Hospital Advisory Board.

The Secretary called the roll on the confirmation of Gubernatorial Appointment No. 9142, Sheryl Lamberton, Ph. D. as a member of the Western State Hospital Advisory Board and the appointment was confirmed by the following vote: Yeas, 45; Nays, 0; Absent, 0; Excused, 4.

Voting yea: Senators Benton, Berkey, Brandland, Brown, Carrell, Clements, Delvin, Eide, Fairley, Franklin, Fraser, Hargrove, Hatfield, Hewitt, Hobbs, Holmquist, Honeyford, Kastama, Kauffman, Keiser, Kilmer, Kline, Kohl-Welles, Marr, McAuliffe, McCaslin, Morton, Murray, Oemig, Parlette, Pflug, Poulsen, Pridemore, Rasmussen, Regala, Roach, Rockefeller, Schoesler, Sheldon, Shin, Stevens, Swecker, Tom, Weinstein and Zarelli - 45

Excused: Senators Haugen, Jacobsen, Prentice and Spanel - 4

Gubernatorial Appointment No. 9142, Sheryl Lamberton, Ph. D., having received the constitutional majority was declared confirmed as a member of the Western State Hospital Advisory Board.

SECOND READING

CONFIRMATION OF GUBERNATORIAL APPOINTMENTS

MOTION

Senator Hargrove moved that Gubernatorial Appointment No. 9181, David Stewart, as a member of the Western State Hospital Advisory Board, be confirmed.

Senator Hargrove spoke in favor of the motion.

APPOINTMENT OF DAVID STEWART

The President declared the question before the Senate to be the confirmation of Gubernatorial Appointment No. 9181, David Stewart as a member of the Western State Hospital Advisory Board.

The Secretary called the roll on the confirmation of Gubernatorial Appointment No. 9181, David Stewart as a member of the Western State Hospital Advisory Board and the appointment was confirmed by the following vote: Yeas, 46; Nays, 0; Absent, 0; Excused, 3.

Voting yea: Senators Benton, Berkey, Brandland, Brown, Carrell, Clements, Delvin, Eide, Fairley, Franklin, Fraser, Hargrove, Hatfield, Hewitt, Hobbs, Holmquist, Honeyford, Kastama, Kauffman, Keiser, Kilmer, Kline, Kohl-Welles, Marr, McAuliffe, McCaslin, Morton, Murray, Oemig, Parlette, Pflug, Poulsen, Prentice, Pridemore, Rasmussen, Regala, Roach, Rockefeller, Schoesler, Sheldon, Shin, Stevens, Swecker, Tom, Weinstein and Zarelli - 46

Excused: Senators Haugen, Jacobsen and Spanel - 3

Gubernatorial Appointment No. 9181, David Stewart, having received the constitutional majority was declared confirmed as a member of the Western State Hospital Advisory Board.

SECOND READING

CONFIRMATION OF GUBERNATORIAL APPOINTMENTS

MOTION

Senator Rockefeller moved that Gubernatorial Appointment No. 9101, Brian Comstock, as a member of the Lottery Commission, be confirmed.

Senator Rockefeller spoke in favor of the motion.

MOTION

On motion of Senator Marr, Senator Poulsen was excused.

MOTION

On motion of Senator Regala, Senators Hobbs and Shin were excused.

APPOINTMENT OF BRIAN COMSTOCK

The President declared the question before the Senate to be the confirmation of Gubernatorial Appointment No. 9101, Brian Comstock as a member of the Lottery Commission.

The Secretary called the roll on the confirmation of Gubernatorial Appointment No. 9101, Brian Comstock as a member of the Lottery Commission and the appointment was confirmed by the following vote: Yeas, 43; Nays, 0; Absent, 0; Excused, 6.

Voting yea: Senators Benton, Brandland, Brown, Carrell, Clements, Delvin, Eide, Fairley, Franklin, Fraser, Hargrove, Hatfield, Hewitt, Hobbs, Holmquist, Honeyford, Kastama, Kauffman, Keiser, Kilmer, Kline, Kohl-Welles, Marr, McAuliffe, McCaslin, Morton, Murray, Oemig, Parlette, Pflug, Prentice, Pridemore, Rasmussen, Regala, Roach, Rockefeller, Schoesler, Sheldon, Stevens, Swecker, Tom, Weinstein and Zarelli - 43

Excused: Senators Berkey, Haugen, Jacobsen, Poulsen, Shin and Spanel - 6

Gubernatorial Appointment No. 9101, Brian Comstock, having received the constitutional majority was declared confirmed as a member of the Lottery Commission.

SECOND READING

CONFIRMATION OF GUBERNATORIAL APPOINTMENTS

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MOTION

Senator Rockefeller moved that Gubernatorial Appointment No. 9128, Lyle Jacobsen, as a member of the Lottery Commission, be confirmed.

Senator Rockefeller spoke in favor of the motion.

APPOINTMENT OF LYLE JACOBSEN

The President declared the question before the Senate to be the confirmation of Gubernatorial Appointment No. 9128, Lyle Jacobsen as a member of the Lottery Commission.

The Secretary called the roll on the confirmation of Gubernatorial Appointment No. 9128, Lyle Jacobsen as a member of the Lottery Commission and the appointment was confirmed by the following vote: Yeas, 42; Nays, 0; Absent, 0; Excused, 7.

Voting yea: Senators Benton, Brandland, Brown, Carrell, Clements, Delvin, Eide, Fairley, Franklin, Fraser, Hargrove, Hatfield, Hewitt, Holmquist, Honeyford, Kastama, Kauffman, Keiser, Kilmer, Kline, Kohl-Welles, Marr, McAuliffe, McCaslin, Morton, Murray, Oemig, Parlette, Pflug, Prentice, Pridemore, Rasmussen, Regala, Roach, Rockefeller, Schoesler, Sheldon, Stevens, Swecker, Tom, Weinstein and Zarelli - 42

Excused: Senators Berkey, Haugen, Hobbs, Jacobsen, Poulsen, Shin and Spanel - 7

Gubernatorial Appointment No. 9128, Lyle Jacobsen, having received the constitutional majority was declared confirmed as a member of the Lottery Commission.

SECOND READING
CONFIRMATION OF GUBERNATORIAL APPOINTMENTS

MOTION

Senator Rockefeller moved that Gubernatorial Appointment No. 9157, Bob Myers, as a member of the Board of Trustees, Wenatchee Valley Community College District No. 15, be confirmed.

Senator Rockefeller spoke in favor of the motion.

MOTION

On motion of Senator Brandland, Senator Holmquist was excused.

MOTION

On motion of Senator Regala, Senator Hargrove was excused.

APPOINTMENT OF BOB MYERS

The President declared the question before the Senate to be the confirmation of Gubernatorial Appointment No. 9157, Bob Myers as a member of the Board of Trustees, Wenatchee Valley Community College District No. 15.

The Secretary called the roll on the confirmation of Gubernatorial Appointment No. 9157, Bob Myers as a member of the Board of Trustees, Wenatchee Valley Community College District No. 15 and the appointment was confirmed by the following vote: Yeas, 40; Nays, 0; Absent, 0; Excused, 9.

Voting yea: Senators Benton, Brandland, Brown, Carrell, Clements, Delvin, Eide, Fairley, Franklin, Fraser, Hatfield, Hewitt, Honeyford, Kastama, Kauffman, Keiser, Kilmer, Kline, Kohl-Welles, Marr, McAuliffe, McCaslin, Morton, Murray, Oemig, Parlette, Pflug, Prentice, Pridemore, Rasmussen, Regala,

Roach, Rockefeller, Schoesler, Sheldon, Stevens, Swecker, Tom, Weinstein and Zarelli - 40

Excused: Senators Berkey, Hargrove, Haugen, Hobbs, Holmquist, Jacobsen, Poulsen, Shin and Spanel - 9

Gubernatorial Appointment No. 9157, Bob Myers, having received the constitutional majority was declared confirmed as a member of the Board of Trustees, Wenatchee Valley Community College District No. 15.

SECOND READING

SUBSTITUTE HOUSE BILL NO. 1041, by House Committee on Judiciary (originally sponsored by Representatives Pedersen, Rodne, Haler, Moeller and Lantz)

Modifying plurality voting for directors.

The measure was read the second time.

MOTION

Senator Kline moved that the following committee amendment by the Committee on Judiciary be adopted.

Beginning on page 3, line 19, strike all of section 5 and insert the following:

"NEW SECTION. Sec. 5. A new section is added to chapter 23B.10 RCW to read as follows:

(1) Unless the articles of incorporation (a) specifically prohibit the adoption of a bylaw pursuant to this section, (b) alter the vote specified in RCW 23B.07.280(2), or (c) allow for or do not exclude cumulative voting, a public company may elect in its bylaws to be governed in the election of directors as follows:

(i) Each vote entitled to be cast may be voted for, voted against, or withheld for one or more candidates up to that number of candidates that is equal to the number of directors to be elected but without cumulating the votes, or a shareholder may indicate an abstention for one or more candidates;

(ii) To be elected, a candidate must have received the number, percentage, or level of votes specified in the bylaws; provided that holders of shares entitled to vote in the election and constituting a quorum are present at the meeting. A candidate who does not receive the number, percentage, or level of votes specified in the bylaws but who was a director at the time of the election shall continue to serve as a director for a term that shall terminate on the date that is the earlier of (A) the date specified in the bylaw, but not longer than ninety days from the date on which the voting results are determined pursuant to RCW 23B.07.300(2), or (B) the date on which an individual is selected by the board of directors to fill the office held by such director, which selection shall be deemed to constitute the filling of a vacancy by the board to which RCW 23B.08.100 applies;

(iii) A bylaw adopted pursuant to this section may provide that votes cast against and/or withheld as to a candidate are to be taken into account in determining whether the number, percentage, or level of votes required for election has been received. Unless the bylaw specifies otherwise, only votes cast are to be taken into account and a ballot marked "withheld" in respect to a share is deemed to be a vote cast. Unless the bylaws specify otherwise, shares otherwise present at the meeting but for which there is an abstention or as to which no authority or direction to vote in the election is given or specified, are not deemed to be votes cast in the election;

(iv) The board of directors may select any qualified individual to fill the office held by a director who did not receive the specified vote for election referenced in (c)(ii) of this subsection; and

(v) Unless the bylaw specifies otherwise, a bylaw adopted pursuant to this subsection (1) shall not apply to an election of directors by a voting group if (A) at the expiration of the time fixed under a provision requiring advance notification of director candidates, or (B) absent such a provision, at a time fixed by the board of directors which is not more than fourteen days before notice is given of the meeting at which the election

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is to occur, there are more candidates for election by the voting group than the number of directors to be elected, one or more of whom are properly proposed by shareholders. An individual shall not be considered a candidate for purposes of this subsection (1)(c)(v) if the board of directors determines before the notice of meeting is given that such individual's candidacy does not create a bona fide election contest.

(2) A bylaw containing an election to be governed by this section may be repealed or amended:

- (a) If originally adopted by the shareholders, only by the shareholders, unless the bylaw otherwise provides; or
- (b) If adopted by the board of directors, by the board of directors or the shareholders."

The President declared the question before the Senate to be the adoption of the committee amendment by the Committee on Judiciary to Substitute House Bill No. 1041.

The motion by Senator Kline carried and the committee amendment was adopted by voice vote.

MOTION

On motion of Senator Kline, the rules were suspended, Substitute House Bill No. 1041 as amended by the Senate was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senator Kline spoke in favor of passage of the bill.

MOTION

On motion of Senator Brandland, Senator Pflug was excused.

The President declared the question before the Senate to be the final passage of Substitute House Bill No. 1041 as amended by the Senate.

ROLL CALL

The Secretary called the roll on the final passage of Substitute House Bill No. 1041 as amended by the Senate and the bill passed the Senate by the following vote: Yeas, 42; Nays, 0; Absent, 0; Excused, 7.

Voting yea: Senators Benton, Brandland, Brown, Carrell, Clements, Delvin, Eide, Fairley, Franklin, Fraser, Hargrove, Hatfield, Hewitt, Holmquist, Honeyford, Kastama, Kauffman, Keiser, Kilmer, Kline, Kohl-Welles, Marr, McAuliffe, McCaslin, Morton, Murray, Oemig, Parlette, Pflug, Prentice, Pridemore, Rasmussen, Regala, Roach, Rockefeller, Schoesler, Sheldon, Stevens, Swecker, Tom, Weinstein and Zarelli - 42

Excused: Senators Berkey, Haugen, Hobbs, Jacobsen, Poulsen, Shin and Spanel - 7

SUBSTITUTE HOUSE BILL NO. 1041 as amended by the Senate, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

SECOND READING

SUBSTITUTE HOUSE BILL NO. 1099, by House Committee on Health Care & Wellness (originally sponsored by Representatives Cody, Hinkle, Green, Bailey, Schual-Berke, Campbell, McCoy, Morrell, Ormsby, Kenney and Moeller)

Regulating certain dental professions.

The measure was read the second time.

MOTION

Senator Marr moved that the following striking amendment by Senators Keiser and Pflug be adopted:

Strike everything after the enacting clause and insert the following:

NEW SECTION. Sec. 1. The definitions in this section apply throughout this chapter unless the context clearly requires otherwise.

(1) "Close supervision" means that a supervising dentist whose patient is being treated has personally diagnosed the condition to be treated and has personally authorized the procedures to be performed. The supervising dentist is continuously on-site and physically present in the treatment facility while the procedures are performed by the assistive personnel and capable of responding immediately in the event of an emergency. The term does not require a supervising dentist to be physically present in the operator.

(2) "Commission" means the Washington state dental quality assurance commission created in chapter 18.32 RCW.

(3) "Dental assistant" means a person who is registered by the commission to provide supportive services to a licensed dentist to the extent provided in this chapter and under the close supervision of a dentist.

(4) "Dentist" means an individual who holds a license to practice dentistry under chapter 18.32 RCW.

(5) "Department" means the department of health.

(6) "Expanded function dental auxiliary" means a person who is licensed by the commission to provide supportive services to a licensed dentist to the extent provided in this chapter and under the specified level of supervision of a dentist.

(7) "General supervision" means that a supervising dentist has examined and diagnosed the patient and provided subsequent instructions to be performed by the assistive personnel, but does not require that the dentist be physically present in the treatment facility.

(8) "Secretary" means the secretary of health.

(9) "Supervising dentist" means a dentist licensed under chapter 18.32 RCW that is responsible for providing the appropriate level of supervision for dental assistants and expanded function dental auxiliaries.

NEW SECTION. Sec. 2. (1) No person may practice or represent himself or herself as a registered dental assistant by use of any title or description without being registered by the commission as having met the standards established for registration under this chapter unless he or she is exempt under section 11 of this act.

(2) No person may practice or represent himself or herself as a licensed expanded function dental auxiliary by use of any title or description without being licensed by the commission under this chapter unless he or she is exempt under section 11 of this act.

NEW SECTION. Sec. 3. The commission shall issue a registration to practice as a dental assistant to any applicant who pays any applicable fees, as established by the secretary in accordance with RCW 43.70.110 and 43.70.250, and submits, on forms provided by the secretary, the applicant's name, address, and other information as determined by the secretary.

NEW SECTION. Sec. 4. (1) The commission shall issue a license to practice as an expanded function dental auxiliary to any applicant who:

(a) Pays any applicable fees as established by the secretary in accordance with RCW 43.70.110 and 43.70.250;

(b) Submits, on forms provided by the secretary, the applicant's name, address, and other applicable information as determined by the secretary; and

(c) Demonstrates that the following requirements have been met:

(i) Successful completion of a dental assisting education program approved by the commission. The program may be an approved on-line education program;

(ii) Successful completion of an expanded function dental auxiliary education program approved by the commission; and

(iii) Successful passage of both a written examination and a clinical examination in restorations approved by the commission.

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(2)(a) An applicant that holds a limited license to practice dental hygiene under chapter 18.29 RCW is considered to have met the dental assisting education program requirements of subsection (1)(c)(i) of this section.

(b) An applicant that holds a full license to practice dental hygiene under chapter 18.29 RCW is considered to have met the requirements of subsection (1)(c) of this section upon demonstrating the successful completion of training in taking final impressions as approved by the commission.

NEW SECTION. Sec. 5. (1) The commission shall adopt rules relating to the scope of dental assisting services related to patient care and laboratory duties that may be performed by dental assistants. All dental services performed by dental assistants must be performed under the close supervision of a supervising dentist as the dentist may allow.

(2) In addition to any other limitations established by the commission, dental assistants may not perform the following procedures:

- (a) Any scaling procedure;
- (b) Any oral prophylaxis, except coronal polishing;
- (c) Administration of any general or local anesthetic, including intravenous sedation;
- (d) Any removal of or addition to the hard or soft tissue of the oral cavity;
- (e) Any diagnosis of or prescription for treatment of disease, pain, deformity, deficiency, injury, or physical condition of the human teeth, jaw, or adjacent structures; and
- (f) The taking of any impressions of the teeth or jaw or the relationships of the teeth or jaws, for the purpose of fabricating any intra-oral restoration, appliance, or prosthesis.

(3) A dentist may not assign a dental assistant to perform duties until the dental assistant has demonstrated skills necessary to perform competently all assigned duties and responsibilities.

NEW SECTION. Sec. 6. (1) The commission shall adopt rules relating to the scope of expanded function dental auxiliary services related to patient care and laboratory duties that may be performed by expanded function dental auxiliaries.

(2) The scope of expanded function dental auxiliary services that the commission identifies in subsection (1) of this section includes:

(a) In addition to the dental assisting services that a dental assistant may perform under the close supervision of a supervising dentist, the performance of the following services under the general supervision of a supervising dentist as the dentist may allow:

- (i) Performing coronal polishing;
- (ii) Giving fluoride treatments;
- (iii) Applying sealants;
- (iv) Placing dental x-ray film and exposing and developing the films;
- (v) Giving patient oral health instruction; and
- (b) Notwithstanding any prohibitions in section 5 of this act, the performance of the following services under the close supervision of a supervising dentist as the dentist may allow:

- (i) Placing and carving direct restorations; and
- (ii) Taking final impressions.

(3) A dentist may not assign an expanded function dental auxiliary to perform services until the expanded function dental auxiliary has demonstrated skills necessary to perform competently all assigned duties and responsibilities.

NEW SECTION. Sec. 7. A supervising dentist is responsible for:

(1) Maintaining the appropriate level of supervision for dental assistants and expanded function dental auxiliaries; and

(2) Ensuring that the dental assistants and expanded function dental auxiliaries that the dentist supervises are able to competently perform the tasks that they are assigned.

NEW SECTION. Sec. 8. The commission shall issue an initial credential or renewal credential to an applicant who has met the requirements for a credential or deny an initial credential or renewal credential based upon failure to meet the requirements for a credential or unprofessional conduct or impairment governed by chapter 18.130 RCW.

NEW SECTION. Sec. 9. An applicant holding a license in another state may be licensed as an expanded function dental auxiliary in this state without examination if the commission determines that the other state's licensing standards are substantially equivalent to the standards in this state.

NEW SECTION. Sec. 10. (1) The commission may approve a written examination prepared or administered by a private testing agency or association of licensing agencies for use by an applicant in meeting the licensing requirements under section 4 of this act. The requirement that the examination be written does not exclude the use of computerized test administration.

(2) The commission, upon consultation with the dental hygiene examining committee, may approve a clinical examination prepared or administered by a private testing agency or association of licensing agencies for use by an applicant in meeting the licensing requirements under section 4 of this act.

NEW SECTION. Sec. 11. Nothing in this chapter may be construed to prohibit or restrict:

(1) The practice of a dental assistant in the discharge of official duties by dental assistants in the United States federal services on federal reservations, including but not limited to the armed services, coast guard, public health service, veterans' bureau, or bureau of Indian affairs; or

(2) Expanded function dental auxiliary education and training programs approved by the commission and the practice as an expanded function dental auxiliary by students in expanded function dental auxiliary education and training programs approved by the commission, when acting under the direction and supervision of persons licensed under chapter 18.29 or 18.32 RCW.

NEW SECTION. Sec. 12. The commission may adopt rules under chapter 34.05 RCW as required to implement this chapter.

NEW SECTION. Sec. 13. Chapter 18.130 RCW governs unregistered or unlicensed practice, the issuance and denial of credentials, and the discipline of those credentialed under this chapter. The commission is the disciplining authority under this chapter.

NEW SECTION. Sec. 14. A new section is added to chapter 18.29 RCW to read as follows:

A person who holds a license under this chapter and who has met the requirements under section 4 of this act and has been issued a license to practice as an expanded function dental auxiliary may perform those expanded function dental auxiliary services identified in section 6 of this act under the specified supervision of a supervising dentist.

Sec. 15. RCW 18.32.030 and 2003 c 282 s 1 are each amended to read as follows:

The following practices, acts, and operations are excepted from the operation of the provisions of this chapter:

(1) The rendering of dental relief in emergency cases in the practice of his or her profession by a physician or surgeon, licensed as such and registered under the laws of this state, unless the physician or surgeon undertakes to or does reproduce lost parts of the human teeth in the mouth or to restore or to replace in the human mouth lost or missing teeth;

(2) The practice of dentistry in the discharge of official duties by dentists in the United States federal services on federal reservations, including but not limited to the armed services, coast guard, public health service, veterans' bureau, or bureau of Indian affairs;

(3) Dental schools or colleges approved under RCW 18.32.040, and the practice of dentistry by students in accredited dental schools or colleges approved by the commission, when acting under the direction and supervision of Washington state-licensed dental school faculty;

(4) The practice of dentistry by licensed dentists of other states or countries while appearing as clinicians at meetings of the Washington state dental association, or component parts thereof, or at meetings sanctioned by them, or other groups approved by the commission;

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(5) The use of roentgen and other rays for making radiographs or similar records of dental or oral tissues, under the supervision of a licensed dentist or physician;

(6) The making, repairing, altering, or supplying of artificial restorations, substitutions, appliances, or materials for the correction of disease, loss, deformity, malposition, dislocation, fracture, injury to the jaws, teeth, lips, gums, cheeks, palate, or associated tissues or parts; providing the same are made, repaired, altered, or supplied pursuant to the written instructions and order of a licensed dentist which may be accompanied by casts, models, or impressions furnished by the dentist, and the prescriptions shall be retained and filed for a period of not less than three years and shall be available to and subject to the examination of the secretary or the secretary's authorized representatives;

(7) The removal of deposits and stains from the surfaces of the teeth, the application of topical preventative or prophylactic agents, and the polishing and smoothing of restorations, when performed or prescribed by a dental hygienist licensed under the laws of this state;

(8) A qualified and licensed physician and surgeon or osteopathic physician and surgeon extracting teeth or performing oral surgery pursuant to the scope of practice under chapter 18.71 or 18.57 RCW;

(9) The performing of dental operations or services by ~~((persons not licensed under this chapter))~~ registered dental assistants and licensed expanded function dental auxiliaries holding a credential issued under chapter 18.-- RCW (sections 1 through 13 and 18 of this act) when performed under the supervision of a licensed dentist, or by other persons not licensed under this chapter if the person is licensed pursuant to chapter 18.29, 18.57, 18.71, or 18.79 RCW as it applies to registered nurses and advanced registered nurse practitioners, each while acting within the scope of the person's permitted practice under the person's license: PROVIDED HOWEVER, That such ~~((nonlicensed))~~ persons shall in no event perform the following dental operations or services unless permitted to be performed by the person under this chapter or chapters 18.29, 18.57, 18.71, ~~((and))~~ 18.79 as it applies to registered nurses and advanced registered nurse practitioners, and 18.-- (sections 1 through 13 and 18 of this act) RCW ~~((as it applies to registered nurses and advanced registered nurse practitioners))~~:

(a) Any removal of or addition to the hard or soft tissue of the oral cavity;

(b) Any diagnosis of or prescription for treatment of disease, pain, deformity, deficiency, injury, or physical condition of the human teeth or jaws, or adjacent structure;

(c) Any administration of general or injected local anaesthetic of any nature in connection with a dental operation, including intravenous sedation;

(d) Any oral prophylaxis;

(e) The taking of any impressions of the teeth or jaw or the relationships of the teeth or jaws, for the purpose of fabricating any intra-oral restoration, appliance, or prosthesis.

Sec. 16. RCW 18.32.0351 and 1994 sp.s. c 9 s 204 are each amended to read as follows:

The Washington state dental quality assurance commission is established, consisting of ~~((fourteen))~~ sixteen members each appointed by the governor to a four-year term. No member may serve more than two consecutive full terms. In appointing the initial members of the commission, it is the intent of the legislature that, to the extent possible, members of the previous boards and committees regulating these professions be appointed to the commission. Members of the commission hold office until their successors are appointed. The governor may appoint members of the initial commission to staggered terms of from one to four years. Thereafter, all members shall be appointed to full four-year terms. Twelve members of the commission must be dentists, two members must be expanded function dental auxiliaries licensed under chapter 18.-- RCW (sections 1 through 13 and 18 of this act), and two members must be public members.

Sec. 17. RCW 18.130.040 and 2004 c 38 s 2 are each amended to read as follows:

(1) This chapter applies only to the secretary and the boards and commissions having jurisdiction in relation to the professions licensed under the chapters specified in this section. This chapter does not apply to any business or profession not licensed under the chapters specified in this section.

(2)(a) The secretary has authority under this chapter in relation to the following professions:

(i) Dispensing opticians licensed and designated apprentices under chapter 18.34 RCW;

(ii) Naturopaths licensed under chapter 18.36A RCW;

(iii) Midwives licensed under chapter 18.50 RCW;

(iv) Ocularists licensed under chapter 18.55 RCW;

(v) Massage operators and businesses licensed under chapter 18.108 RCW;

(vi) Dental hygienists licensed under chapter 18.29 RCW;

(vii) Acupuncturists licensed under chapter 18.06 RCW;

(viii) Radiologic technologists certified and X-ray technicians registered under chapter 18.84 RCW;

(ix) Respiratory care practitioners licensed under chapter 18.89 RCW;

(x) Persons registered under chapter 18.19 RCW;

(xi) Persons licensed as mental health counselors, marriage and family therapists, and social workers under chapter 18.225 RCW;

(xii) Persons registered as nursing pool operators under chapter 18.52C RCW;

(xiii) Nursing assistants registered or certified under chapter 18.88A RCW;

(xiv) Health care assistants certified under chapter 18.135 RCW;

(xv) Dietitians and nutritionists certified under chapter 18.138 RCW;

(xvi) Chemical dependency professionals certified under chapter 18.205 RCW;

(xvii) Sex offender treatment providers and certified affiliate sex offender treatment providers certified under chapter 18.155 RCW;

(xviii) Persons licensed and certified under chapter 18.73 RCW or RCW 18.71.205;

(xix) Denturists licensed under chapter 18.30 RCW;

(xx) Orthotists and prosthetists licensed under chapter 18.200 RCW;

(xxi) Surgical technologists registered under chapter 18.215 RCW; and

(xxii) Recreational therapists.

(b) The boards and commissions having authority under this chapter are as follows:

(i) The podiatric medical board as established in chapter 18.22 RCW;

(ii) The chiropractic quality assurance commission as established in chapter 18.25 RCW;

(iii) The dental quality assurance commission as established in chapter 18.32 RCW governing licenses issued under chapter 18.32 RCW and licenses and registrations issued under chapter 18.-- RCW (sections 1 through 13 and 18 of this act);

(iv) The board of hearing and speech as established in chapter 18.35 RCW;

(v) The board of examiners for nursing home administrators as established in chapter 18.52 RCW;

(vi) The optometry board as established in chapter 18.54 RCW governing licenses issued under chapter 18.53 RCW;

(vii) The board of osteopathic medicine and surgery as established in chapter 18.57 RCW governing licenses issued under chapters 18.57 and 18.57A RCW;

(viii) The board of pharmacy as established in chapter 18.64 RCW governing licenses issued under chapters 18.64 and 18.64A RCW;

(ix) The medical quality assurance commission as established in chapter 18.71 RCW governing licenses and registrations issued under chapters 18.71 and 18.71A RCW;

(x) The board of physical therapy as established in chapter 18.74 RCW;

(xi) The board of occupational therapy practice as established in chapter 18.59 RCW;

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(xii) The nursing care quality assurance commission as established in chapter 18.79 RCW governing licenses and registrations issued under that chapter;

(xiii) The examining board of psychology and its disciplinary committee as established in chapter 18.83 RCW; and

(xiv) The veterinary board of governors as established in chapter 18.92 RCW.

(3) In addition to the authority to discipline license holders, the disciplining authority has the authority to grant or deny licenses based on the conditions and criteria established in this chapter and the chapters specified in subsection (2) of this section. This chapter also governs any investigation, hearing, or proceeding relating to denial of licensure or issuance of a license conditioned on the applicant's compliance with an order entered pursuant to RCW 18.130.160 by the disciplining authority.

(4) All disciplining authorities shall adopt procedures to ensure substantially consistent application of this chapter, the Uniform Disciplinary Act, among the disciplining authorities listed in subsection (2) of this section.

NEW SECTION. Sec. 18. By November 15, 2012, the department, in consultation with the commission and the dental hygiene examining committee, shall conduct a review of the effectiveness of the creation of the dental assistant and expanded function dental auxiliary professions as related to:

(1) Increasing professional standards in dental practices;

(2) Increasing efficiency in dental practices and community health clinics;

(3) Promoting career ladders in the dental professions; and

(4) Recommendations for expanding or contracting the practice of dental assistants and expanded function dental auxiliaries.

NEW SECTION. Sec. 19. Sections 1 through 13 and 18 of this act constitute a new chapter in Title 18 RCW.

NEW SECTION. Sec. 20. Section 16 of this act takes effect July 1, 2009.

NEW SECTION. Sec. 21. (1) The provisions of this act apply to registered dental assistants effective July 1, 2008.

(2) The provisions of this act apply to expanded function dental auxiliaries effective December 1, 2008.

NEW SECTION. Sec. 22. The secretary of health and the Washington state dental quality assurance commission may take the necessary steps to ensure that this act is implemented on its effective date."

Senator Marr spoke in favor of adoption of the striking amendment.

The President declared the question before the Senate to be the adoption of the striking amendment by Senators Keiser and Pflug to Substitute House Bill No. 1099.

The motion by Senator Marr carried and the striking amendment was adopted by voice vote.

MOTION

There being no objection, the following title amendment was adopted:

On page 1, line 1 of the title, after "professionals;" strike the remainder of the title and insert "amending RCW 18.32.030, 18.32.0351, and 18.130.040; adding a new section to chapter 18.29 RCW; adding a new chapter to Title 18 RCW; creating new sections; and providing an effective date."

MOTION

On motion of Senator Marr, the rules were suspended, Substitute House Bill No. 1099 as amended by the Senate was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senators Marr and Pflug spoke in favor of passage of the bill.

The President declared the question before the Senate to be the final passage of Substitute House Bill No. 1099 as amended by the Senate.

ROLL CALL

The Secretary called the roll on the final passage of Substitute House Bill No. 1099 as amended by the Senate and the bill passed the Senate by the following vote:

Yeas, 44; Nays, 0; Absent, 0; Excused, 5.

Voting yea: Senators Benton, Brandland, Brown, Carrell, Clements, Delvin, Eide, Fairley, Franklin, Fraser, Hargrove, Hatfield, Haugen, Hewitt, Holmquist, Honeyford, Jacobsen, Kastama, Kauffman, Keiser, Kilmer, Kline, Kohl-Welles, Marr, McAuliffe, McCaslin, Morton, Murray, Oemig, Parlette, Pflug, Prentice, Pridemore, Rasmussen, Regala, Roach, Rockefeller, Schoesler, Sheldon, Stevens, Swecker, Tom, Weinstein and Zarelli - 44

Excused: Senators Berkey, Hobbs, Poulsen, Shin and Spanel - 5

SUBSTITUTE HOUSE BILL NO. 1099 as amended by the Senate, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

SECOND READING

HOUSE BILL NO. 2281, by Representatives Appleton and Hunt

Revising provisions for shared leave.

The measure was read the second time.

MOTION

Senator Fairley moved that the following committee striking amendment by the Committee on Government Operations & Elections be adopted.

Strike everything after the enacting clause and insert the following:

"**Sec. 1.** RCW 41.04.665 and 2003 1st sp.s. c 12 s 3 are each amended to read as follows:

(1) An agency head may permit an employee to receive leave under this section if:

(a)(i) The employee suffers from, or has a relative or household member suffering from, an illness, injury, impairment, or physical or mental condition which is of an extraordinary or severe nature; ((or))

(ii) The employee has been called to service in the uniformed services; or

(iii) A state of emergency has been declared anywhere within the United States by the federal or any state government and the employee has needed skills to assist in responding to the emergency or its aftermath and volunteers his or her services to either a governmental agency or to a nonprofit organization engaged in humanitarian relief in the devastated area, and the governmental agency or nonprofit organization accepts the employee's offer of volunteer services;

(b) The illness, injury, impairment, condition, ((or)) call to service, or emergency volunteer service has caused, or is likely to cause, the employee to:

(i) Go on leave without pay status; or

(ii) Terminate state employment;

(c) The employee's absence and the use of shared leave are justified;

(d) The employee has depleted or will shortly deplete his or her:

(i) Annual leave and sick leave reserves if he or she qualifies under (a)(i) of this subsection; ((or))

(ii) Annual leave and paid military leave allowed under RCW 38.40.060 if he or she qualifies under (a)(ii) of this subsection; or

(iii) Annual leave if he or she qualifies under (a)(iii) of this subsection;

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(e) The employee has abided by agency rules regarding:

(i) Sick leave use if he or she qualifies under (a)(i) of this subsection; or

(ii) Military leave if he or she qualifies under (a)(ii) of this subsection; and

(f) The employee has diligently pursued and been found to be ineligible for benefits under chapter 51.32 RCW if he or she qualifies under (a)(i) of this subsection.

(2) The agency head shall determine the amount of leave, if any, which an employee may receive under this section. However, an employee shall not receive a total of more than two hundred sixty-one days of leave.

(3) An employee may transfer annual leave, sick leave, and his or her personal holiday, as follows:

(a) An employee who has an accrued annual leave balance of more than ten days may request that the head of the agency for which the employee works transfer a specified amount of annual leave to another employee authorized to receive leave under subsection (1) of this section. In no event may the employee request a transfer of an amount of leave that would result in his or her annual leave account going below ten days. For purposes of this subsection (3)(a), annual leave does not accrue if the employee receives compensation in lieu of accumulating a balance of annual leave.

(b) An employee may transfer a specified amount of sick leave to an employee requesting shared leave only when the donating employee retains a minimum of one hundred seventy-six hours of sick leave after the transfer.

(c) An employee may transfer, under the provisions of this section relating to the transfer of leave, all or part of his or her personal holiday, as that term is defined under RCW 1.16.050, or as such holidays are provided to employees by agreement with a school district's board of directors if the leave transferred under this subsection does not exceed the amount of time provided for personal holidays under RCW 1.16.050.

(4) An employee of an institution of higher education under RCW 28B.10.016, school district, or educational service district who does not accrue annual leave but does accrue sick leave and who has an accrued sick leave balance of more than twenty-two days may request that the head of the agency for which the employee works transfer a specified amount of sick leave to another employee authorized to receive leave under subsection (1) of this section. In no event may such an employee request a transfer that would result in his or her sick leave account going below twenty-two days. Transfers of sick leave under this subsection are limited to transfers from employees who do not accrue annual leave. Under this subsection, "sick leave" also includes leave accrued pursuant to RCW 28A.400.300(2) or 28A.310.240(1) with compensation for illness, injury, and emergencies.

(5) Transfers of leave made by an agency head under subsections (3) and (4) of this section shall not exceed the requested amount.

(6) Leave transferred under this section may be transferred from employees of one agency to an employee of the same agency or, with the approval of the heads of both agencies, to an employee of another state agency. However, leave transferred to or from employees of school districts or educational service districts is limited to transfers to or from employees within the same employing district.

(7) While an employee is on leave transferred under this section, he or she shall continue to be classified as a state employee and shall receive the same treatment in respect to salary, wages, and employee benefits as the employee would normally receive if using accrued annual leave or sick leave.

(a) All salary and wage payments made to employees while on leave transferred under this section shall be made by the agency employing the person receiving the leave. The value of leave transferred shall be based upon the leave value of the person receiving the leave.

(b) In the case of leave transferred by an employee of one agency to an employee of another agency, the agencies involved shall arrange for the transfer of funds and credit for the appropriate value of leave.

(i) Pursuant to rules adopted by the office of financial management, funds shall not be transferred under this section if the transfer would violate any constitutional or statutory restrictions on the funds being transferred.

(ii) The office of financial management may adjust the appropriation authority of an agency receiving funds under this section only if and to the extent that the agency's existing appropriation authority would prevent it from expending the funds received.

(iii) Where any questions arise in the transfer of funds or the adjustment of appropriation authority, the director of financial management shall determine the appropriate transfer or adjustment.

(8) Leave transferred under this section shall not be used in any calculation to determine an agency's allocation of full time equivalent staff positions.

(9) The value of any leave transferred under this section which remains unused shall be returned at its original value to the employee or employees who transferred the leave when the agency head finds that the leave is no longer needed or will not be needed at a future time in connection with the illness or injury for which the leave was transferred or for any other qualifying condition. Before the agency head makes a determination to return unused leave in connection with an illness or injury, or any other qualifying condition, he or she must receive from the affected employee a statement from the employee's doctor verifying that the illness or injury is resolved. To the extent administratively feasible, the value of unused leave which was transferred by more than one employee shall be returned on a pro rata basis.

(10) An employee who uses leave that is transferred to him or her under this section may not be required to repay the value of the leave that he or she used."

The President declared the question before the Senate to be the adoption of the committee striking amendment by the Committee on Government Operations & Elections to House Bill No. 2281.

The motion by Senator Fairley carried and the committee striking amendment was adopted by voice vote.

MOTION

There being no objection, the following title amendment was adopted:

On page 1, line 1 of the title, after "leave;" strike the remainder of the title and insert "and amending RCW 41.04.665."

MOTION

On motion of Senator Fairley, the rules were suspended, House Bill No. 2281, as amended by the Senate was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senator Fairley spoke in favor of passage of the bill.

The President declared the question before the Senate to be the final passage of House Bill No. 2281 as amended by the Senate.

ROLL CALL

The Secretary called the roll on the final passage of House Bill No. 2281 as amended by the Senate and the bill passed the Senate by the following vote: Yeas, 44; Nays, 0; Absent, 0; Excused, 5.

Voting yea: Senators Benton, Brandland, Brown, Carrell, Clements, Delvin, Eide, Fairley, Franklin, Fraser, Hargrove, Hatfield, Haugen, Hewitt, Holmquist, Honeyford, Jacobsen, Kastama, Kauffman, Keiser, Kilmer, Kline, Kohl-Welles, Marr, McAuliffe, McCaslin, Morton, Murray, Oemig, Parlette, Pflug, Prentice, Pridemore, Rasmussen, Regala, Roach, Rockefeller, Schoesler, Sheldon, Stevens, Swecker, Tom, Weinstein and

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Excused: Senators Berkey, Hobbs, Poulsen, Shin and Spanel - 5

HOUSE BILL NO. 2281 as amended by the Senate, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

SECOND READING

SUBSTITUTE HOUSE BILL NO. 1079, by House Committee on Agriculture & Natural Resources (originally sponsored by Representatives Kretz, Blake, Upthegrove, Ormsby, O'Brien, Morrell, Conway, Haigh, Moeller, McCune and Simpson)

Merging fishing and hunting license fees for certain veterans and persons with disabilities.

The measure was read the second time.

MOTION

Senator Jacobsen moved that the following committee striking amendment by the Committee on Natural Resources, Ocean & Recreation be adopted.

Strike everything after the enacting clause and insert the following:

"Sec. 1. RCW 77.08.010 and 2005 c 104 s 1 are each amended to read as follows:

As used in this title or rules adopted under this title, unless the context clearly requires otherwise:

- (1) "Director" means the director of fish and wildlife.
- (2) "Department" means the department of fish and wildlife.
- (3) "Commission" means the state fish and wildlife commission.
- (4) "Person" means and includes an individual; a corporation; a public or private entity or organization; a local, state, or federal agency; all business organizations, including corporations and partnerships; or a group of two or more individuals acting with a common purpose whether acting in an individual, representative, or official capacity.
- (5) "Fish and wildlife officer" means a person appointed and commissioned by the director, with authority to enforce this title and rules adopted pursuant to this title, and other statutes as prescribed by the legislature. Fish and wildlife officer includes a person commissioned before June 11, 1998, as a wildlife agent or a fisheries patrol officer.
- (6) "Ex officio fish and wildlife officer" means a commissioned officer of a municipal, county, state, or federal agency having as its primary function the enforcement of criminal laws in general, while the officer is in the appropriate jurisdiction. The term "ex officio fish and wildlife officer" includes special agents of the national marine fisheries service, state parks commissioned officers, United States fish and wildlife special agents, department of natural resources enforcement officers, and United States forest service officers, while the agents and officers are within their respective jurisdictions.
- (7) "To hunt" and its derivatives means an effort to kill, injure, capture, or harass a wild animal or wild bird.
- (8) "To trap" and its derivatives means a method of hunting using devices to capture wild animals or wild birds.
- (9) "To fish," "to harvest," and "to take," and their derivatives means an effort to kill, injure, harass, or catch a fish or shellfish.
- (10) "Open season" means those times, manners of taking, and places or waters established by rule of the commission for the lawful hunting, fishing, taking, or possession of game animals, game birds, game fish, food fish, or shellfish that conform to the special restrictions or physical descriptions established by rule of the commission or that have otherwise been deemed legal to hunt, fish, take, harvest, or possess by rule

of the commission. "Open season" includes the first and last days of the established time.

(11) "Closed season" means all times, manners of taking, and places or waters other than those established by rule of the commission as an open season. "Closed season" also means all hunting, fishing, taking, or possession of game animals, game birds, game fish, food fish, or shellfish that do not conform to the special restrictions or physical descriptions established by rule of the commission as an open season or that have not otherwise been deemed legal to hunt, fish, take, harvest, or possess by rule of the commission as an open season.

(12) "Closed area" means a place where the hunting of some or all species of wild animals or wild birds is prohibited.

(13) "Closed waters" means all or part of a lake, river, stream, or other body of water, where fishing or harvesting is prohibited.

(14) "Game reserve" means a closed area where hunting for all wild animals and wild birds is prohibited.

(15) "Bag limit" means the maximum number of game animals, game birds, or game fish which may be taken, caught, killed, or possessed by a person, as specified by rule of the commission for a particular period of time, or as to size, sex, or species.

(16) "Wildlife" means all species of the animal kingdom whose members exist in Washington in a wild state. This includes but is not limited to mammals, birds, reptiles, amphibians, fish, and invertebrates. The term "wildlife" does not include feral domestic mammals, old world rats and mice of the family Muridae of the order Rodentia, or those fish, shellfish, and marine invertebrates classified as food fish or shellfish by the director. The term "wildlife" includes all stages of development and the bodily parts of wildlife members.

(17) "Wild animals" means those species of the class Mammalia whose members exist in Washington in a wild state and the species *Rana catesbeiana* (bullfrog). The term "wild animal" does not include feral domestic mammals or old world rats and mice of the family Muridae of the order Rodentia.

(18) "Wild birds" means those species of the class Aves whose members exist in Washington in a wild state.

(19) "Protected wildlife" means wildlife designated by the commission that shall not be hunted or fished.

(20) "Endangered species" means wildlife designated by the commission as seriously threatened with extinction.

(21) "Game animals" means wild animals that shall not be hunted except as authorized by the commission.

(22) "Fur-bearing animals" means game animals that shall not be trapped except as authorized by the commission.

(23) "Game birds" means wild birds that shall not be hunted except as authorized by the commission.

(24) "Predatory birds" means wild birds that may be hunted throughout the year as authorized by the commission.

(25) "Deleterious exotic wildlife" means species of the animal kingdom not native to Washington and designated as dangerous to the environment or wildlife of the state.

(26) "Game farm" means property on which wildlife is held or raised for commercial purposes, trade, or gift. The term "game farm" does not include publicly owned facilities.

~~(27) ("Person of disability" means a permanently disabled person who is not ambulatory without the assistance of a wheelchair, crutches, or similar devices.~~

~~(28))~~ (28) "Fish" includes all species classified as game fish or food fish by statute or rule, as well as all fin fish not currently classified as food fish or game fish if such species exist in state waters. The term "fish" includes all stages of development and the bodily parts of fish species.

~~((29))~~ (29) "Raffle" means an activity in which tickets bearing an individual number are sold for not more than twenty-five dollars each and in which a permit or permits are awarded to hunt or for access to hunt big game animals or wild turkeys on the basis of a drawing from the tickets by the person or persons conducting the raffle.

~~((30))~~ (30) "Youth" means a person fifteen years old for fishing and under sixteen years old for hunting.

~~((31))~~ (31) "Senior" means a person seventy years old or older.

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~~((32))~~ (31) "License year" means the period of time for which a recreational license is valid. The license year begins April 1st, and ends March 31st.

~~((33))~~ (32) "Saltwater" means those marine waters seaward of river mouths.

~~((34))~~ (33) "Freshwater" means all waters not defined as saltwater including, but not limited to, rivers upstream of the river mouth, lakes, ponds, and reservoirs.

~~((35))~~ (34) "State waters" means all marine waters and fresh waters within ordinary high water lines and within the territorial boundaries of the state.

~~((36))~~ (35) "Offshore waters" means marine waters of the Pacific Ocean outside the territorial boundaries of the state, including the marine waters of other states and countries.

~~((37))~~ (36) "Concurrent waters of the Columbia river" means those waters of the Columbia river that coincide with the Washington-Oregon state boundary.

~~((38))~~ (37) "Resident" means:

(a) A person who has maintained a permanent place of abode within the state for at least ninety days immediately preceding an application for a license, has established by formal evidence an intent to continue residing within the state, and who is not licensed to hunt or fish as a resident in another state; and

(b) A person age eighteen or younger who does not qualify as a resident under (a) of this subsection, but who has a parent that qualifies as a resident under (a) of this subsection.

~~((39))~~ (38) "Nonresident" means a person who has not fulfilled the qualifications of a resident.

~~((40))~~ (39) "Shellfish" means those species of marine and freshwater invertebrates that have been classified and that shall not be taken except as authorized by rule of the commission. The term "shellfish" includes all stages of development and the bodily parts of shellfish species.

~~((41))~~ (40) "Commercial" means related to or connected with buying, selling, or bartering.

~~((42))~~ (41) "To process" and its derivatives mean preparing or preserving fish, wildlife, or shellfish.

~~((43))~~ (42) "Personal use" means for the private use of the individual taking the fish or shellfish and not for sale or barter.

~~((44))~~ (43) "Angling gear" means a line attached to a rod and reel capable of being held in hand while landing the fish or a hand-held line operated without rod or reel.

~~((45))~~ (44) "Fishery" means the taking of one or more particular species of fish or shellfish with particular gear in a particular geographical area.

~~((46))~~ (45) "Limited-entry license" means a license subject to a license limitation program established in chapter 77.70 RCW.

~~((47))~~ (46) "Seaweed" means marine aquatic plant species that are dependent upon the marine aquatic or tidal environment, and exist in either an attached or free floating form, and includes but is not limited to marine aquatic plants in the classes Chlorophyta, Phaeophyta, and Rhodophyta.

~~((48))~~ (47) "Trafficking" means offering, attempting to engage, or engaging in sale, barter, or purchase of fish, shellfish, wildlife, or deleterious exotic wildlife.

~~((49))~~ (48) "Invasive species" means a plant species or a nonnative animal species that either:

(a) Causes or may cause displacement of, or otherwise threatens, native species in their natural communities;

(b) Threatens or may threaten natural resources or their use in the state;

(c) Causes or may cause economic damage to commercial or recreational activities that are dependent upon state waters; or

(d) Threatens or harms human health.

~~((50))~~ (49) "Prohibited aquatic animal species" means an invasive species of the animal kingdom that has been classified as a prohibited aquatic animal species by the commission.

~~((51))~~ (50) "Regulated aquatic animal species" means a potentially invasive species of the animal kingdom that has been classified as a regulated aquatic animal species by the commission.

~~((52))~~ (51) "Unregulated aquatic animal species" means a nonnative animal species that has been classified as an unregulated aquatic animal species by the commission.

~~((53))~~ (52) "Unlisted aquatic animal species" means a nonnative animal species that has not been classified as a prohibited aquatic animal species, a regulated aquatic animal species, or an unregulated aquatic animal species by the commission.

~~((54))~~ (53) "Aquatic plant species" means an emergent, submersed, partially submersed, free-floating, or floating-leaving plant species that grows in or near a body of water or wetland.

~~((55))~~ (54) "Retail-eligible species" means commercially harvested salmon, crab, and sturgeon.

Sec. 2. RCW 77.32.400 and 1998 c 191 s 1 are each amended to read as follows:

(1) The commission shall authorize the director to issue designated harvester cards to persons ~~((of))~~ with a disability. The commission shall adopt rules defining who is a person with a disability and rules governing the conduct of persons ~~((of))~~ with a disability who fish and harvest shellfish and their designated harvesters.

(2) It is lawful for a designated harvester to fish for, take, or possess the personal-use daily bag limit of fish or shellfish ~~((game fish, or food fish))~~ for a ~~((disabled))~~ person with a disability if the harvester is licensed and has a designated harvester card, and if the ~~((disabled))~~ person with a disability is present on site and in possession of ~~((a combination))~~ the appropriate fishing license issued under ~~((RCW 77.32.490))~~ this chapter. Except as provided in subsection (4) of this section, the person with a disability must be present and participating in the fishing activity.

(3) A designated harvester card will be issued to such a ~~((licensee))~~ person with a disability upon written application to the director. The application must be submitted on a department official form and must be accompanied by a licensed medical doctor's certification of disability.

(4) A person with a ~~((combination fishing license issued under RCW 77.32.490))~~ disability utilizing the services of a designated harvester is not required to be present at the location where the designated harvester is harvesting shellfish for the ~~((disabled))~~ person with a disability. The ~~((licensee))~~ person with a disability is required to be in the direct line of sight of the designated harvester who is harvesting shellfish for him or her, unless it is not possible to be in a direct line of sight because of a physical obstruction or other barrier. If such a barrier or obstruction exists, the ~~((licensee))~~ person with a disability is required to be within one-quarter mile of the designated harvester who is harvesting shellfish for him or her.

~~((5))~~ Except as provided in subsection (4) of this section, the disabled person needs to be present and participating in the fishing activity.

Sec. 3. RCW 77.32.480 and 1998 c 191 s 18 are each amended to read as follows:

Upon written application, a combination fishing license shall be issued at the reduced rate of five dollars, and all hunting licenses shall, ~~((upon written application,))~~ be issued at the reduced rate of a youth hunting license fee for the following individuals:

(1) A resident sixty-five years old or older who is an honorably discharged veteran of the United States armed forces having a service-connected disability;

(2) ~~((Residents who are honorably discharged veterans of the United States armed forces))~~ A resident who is an honorably discharged veteran of the United States armed forces with a thirty percent or more service-connected disability; ~~((and))~~

(3) ~~((An honorably discharged veteran of the United States armed forces who is))~~ A resident ~~((and is confined to))~~ with a disability who permanently uses a wheelchair;

(4) A resident who is blind or visually impaired; and

(5) A resident with a developmental disability as defined in RCW 71A.10.020 with documentation of the disability certified by a physician licensed to practice in this state.

Sec. 4. RCW 77.32.550 and 2006 c 16 s 1 are each amended to read as follows:

(1) A group fishing permit allows a group of individuals to fish, and harvest shellfish, without individual licenses or the payment of individual license fees.

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(2) The director must issue a group fishing permit on a seasonal basis to a state-operated facility or state-licensed nonprofit facility or program for ~~((physically or mentally disabled))~~ persons ~~((mentally ill persons))~~ with physical or mental disabilities, hospital patients, ~~((handicapped persons,))~~ seriously or terminally ill persons, persons who are dependent on the state because of emotional or physical developmental disabilities, or senior citizens who are in the care of the facility. The permit is valid only for use during open season.

(3) The director may set conditions and issue a group fishing permit to groups working in partnership with and participating in department outdoor education programs. At the discretion of the director, a processing fee may be applied.

(4) The commission may adopt rules that provide the conditions under which a group fishing permit is issued.

Sec. 5. RCW 77.32.238 and 1989 c 297 s 2 are each amended to read as follows:

(1) The commission shall adopt rules defining who is a person with a disability and governing the conduct of persons with a disability who hunt and their designated licensed hunters. It is unlawful for any person to possess a loaded firearm in or on a motor vehicle except a ((disabled hunter)) person with a disability who possesses a disabled hunter permit and all appropriate hunting licenses may ((possess a loaded firearm or other legal hunting device in and may)) discharge a firearm or other legal hunting device from a nonmoving motor vehicle that has the engine turned off. ((Disabled hunters)) A person with a disability who possesses a disabled hunter permit shall not be exempt from permit requirements for carrying concealed weapons, or from rules, laws, or ordinances concerning the discharge of these weapons. No hunting shall be permitted from a motor vehicle that is parked on or beside the maintained portion of a public road, except as authorized by the commission by rule.

(2) A person ((of)) with a disability holding a disabled hunter permit may be accompanied by one ((nondisabled)) licensed hunter who may assist the ((disabled hunter)) person with a disability by killing game wounded by the ((disabled hunter)) person with a disability, and by tagging and retrieving game killed by the ((disabled hunter)) person with a disability or the designated licensed hunter. A nondisabled hunter shall not possess a loaded gun in, or shoot from, a motor vehicle.

Sec. 6. RCW 77.32.237 and 1989 c 297 s 1 are each amended to read as follows:

The commission shall attempt to enhance the hunting opportunities ~~((of))~~ for persons ~~((of))~~ with a disability. The commission shall authorize the director to issue disabled hunter permits to persons ~~((of))~~ with a disability. The commission shall adopt rules governing the conduct of ~~((disabled hunters))~~ persons with a disability who hunt and their ((nondisabled companions)) designated licensed hunter.

NEW SECTION. Sec. 7. RCW 77.32.490 (Reduced rate combination fishing license) and 1998 c 191 s 19 are each repealed."

The President declared the question before the Senate to be the adoption of the committee striking amendment by the Committee on Natural Resources, Ocean & Recreation to Substitute House Bill No. 1079.

The motion by Senator Jacobsen carried and the committee striking amendment was adopted by voice vote.

MOTION

There being no objection, the following title amendment was adopted:

On page 1, line 1 of the title, after "fees;" strike the remainder of the title and insert "amending RCW 77.08.010, 77.32.400, 77.32.480, 77.32.550, 77.32.238, and 77.32.237; and repealing RCW 77.32.490."

MOTION

On motion of Senator Jacobsen, the rules were suspended, Substitute House Bill No. 1079 as amended by the Senate was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senator Jacobsen spoke in favor of passage of the bill.

The President declared the question before the Senate to be the final passage of Substitute House Bill No. 1079 as amended by the Senate.

ROLL CALL

The Secretary called the roll on the final passage of Substitute House Bill No. 1079 as amended by the Senate and the bill passed the Senate by the following vote: Yeas, 45; Nays, 0; Absent, 0; Excused, 4.

Voting yea: Senators Benton, Brandland, Brown, Carrell, Clements, Delvin, Eide, Fairley, Franklin, Fraser, Hargrove, Hatfield, Haugen, Hewitt, Holmquist, Honeyford, Jacobsen, Kastama, Kauffman, Keiser, Kilmer, Kline, Kohl-Welles, Marr, McAuliffe, McCaslin, Morton, Murray, Oemig, Parlette, Pflug, Poulsen, Prentice, Pridemore, Rasmussen, Regala, Roach, Rockefeller, Schoesler, Sheldon, Stevens, Swecker, Tom, Weinstein and Zarelli - 45

Excused: Senators Berkey, Hobbs, Shin and Spanel - 4

SUBSTITUTE HOUSE BILL NO. 1079 as amended by the Senate, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

MOTION

On motion of Senator Brandland, Senators Delvin and Pflug were excused.

MOTION

On motion of Senator Regala, Senator Kastama was excused.

SECOND READING

SUBSTITUTE HOUSE BILL NO. 1124, by House Committee on Appropriations (originally sponsored by Representatives VanDeWege, B. Sullivan, O'Brien, Eickmeyer, Lovick, McCoy, Lantz, Simpson, Williams and Dickerson)

Adding the department of natural resources to the definition of "employer" under RCW 41.37.010.

The measure was read the second time.

MOTION

On motion of Senator Prentice, the rules were suspended, Substitute House Bill No. 1124 was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senator Prentice spoke in favor of passage of the bill.

The President declared the question before the Senate to be the final passage of Substitute House Bill No. 1124.

ROLL CALL

The Secretary called the roll on the final passage of Substitute House Bill No. 1124 and the bill passed the Senate by the following vote: Yeas, 42; Nays, 0; Absent, 0; Excused, 7.

Voting yea: Senators Benton, Brandland, Brown, Carrell, Clements, Eide, Fairley, Franklin, Fraser, Hargrove, Hatfield, Haugen, Hewitt, Holmquist, Honeyford, Jacobsen, Kauffman, Keiser, Kilmer, Kline, Kohl-Welles, Marr, McAuliffe,

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McCaslin, Morton, Murray, Oemig, Parlette, Poulsen, Prentice, Pridemore, Rasmussen, Regala, Roach, Rockefeller, Schoesler, Sheldon, Stevens, Swecker, Tom, Weinstein and Zarelli - 42

Excused: Senators Berkey, Delvin, Hobbs, Kastama, Pflug, Shin and Spanel - 7

SUBSTITUTE HOUSE BILL NO. 1124, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

SECOND READING

HOUSE BILL NO. 1005, by Representatives Kessler, Ericks and B. Sullivan

Determining rates for the rental of county equipment.

The measure was read the second time.

MOTION

Senator Fairley moved that the following committee striking amendment by the Committee on Government Operations & Elections be adopted.

Strike everything after the enacting clause and insert the following:

"Sec. 1. RCW 36.33A.040 and 1977 c 67 s 4 are each amended to read as follows:

Rates for the rental of equipment owned by the fund shall be set to cover all costs of maintenance and repair, material and supplies consumed in operating or maintaining the equipment, and the future replacement thereof. The rates shall be determined by the county engineer or other appointee of the county legislative body and shall be subject to annual review by the legislative body. This section does not restrict the ability of the county road administration board to directly inquire into the process of setting rental rates while performing its statutory oversight responsibility."

The President declared the question before the Senate to be the adoption of the committee striking amendment by the Committee on Government Operations & Elections to House Bill No. 1005.

The motion by Senator Fairley carried and the committee striking amendment was adopted by voice vote.

MOTION

There being no objection, the following title amendment was adopted:

On page 1, line 1 of the title, after "equipment;" strike the remainder of the title and insert "and amending RCW 36.33A.040."

MOTION

On motion of Senator Fairley, the rules were suspended, House Bill No. 1005 as amended by the Senate was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senator Fairley spoke in favor of passage of the bill.

The President declared the question before the Senate to be the final passage of House Bill No. 1005 as amended by the Senate.

ROLL CALL

The Secretary called the roll on the final passage of House Bill No. 1005 as amended by the Senate and the bill passed the Senate by the following vote: Yeas, 45; Nays, 0; Absent, 0; Excused, 4.

Voting yea: Senators Benton, Brandland, Brown, Carrell,

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Clements, Delvin, Eide, Fairley, Franklin, Fraser, Hargrove, Hatfield, Haugen, Hewitt, Holmquist, Honeyford, Jacobsen, Kastama, Kauffman, Keiser, Kilmer, Kline, Kohl-Welles, Marr, McAuliffe, McCaslin, Morton, Murray, Oemig, Parlette, Pflug, Poulsen, Prentice, Pridemore, Rasmussen, Regala, Roach, Rockefeller, Schoesler, Sheldon, Stevens, Swecker, Tom, Weinstein and Zarelli - 45

Excused: Senators Berkey, Hobbs, Shin and Spanel - 4

HOUSE BILL NO. 1005 as amended by the Senate, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

SECOND READING

HOUSE BILL NO. 1526, by Representatives Hunt, Chandler, Armstrong, Ormsby, Kenney, Linville and Moeller

Modifying the form of the presidential primary ballot.

The measure was read the second time.

MOTION

On motion of Senator Oemig, the rules were suspended, House Bill No. 1526 was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senator Oemig spoke in favor of passage of the bill.

MOTION

On motion of Senator Brandland, Senator Delvin was excused.

The President declared the question before the Senate to be the final passage of House Bill No. 1526.

ROLL CALL

The Secretary called the roll on the final passage of House Bill No. 1526 and the bill passed the Senate by the following vote: Yeas, 41; Nays, 2; Absent, 1; Excused, 5.

Voting yea: Senators Benton, Brandland, Brown, Carrell, Clements, Eide, Fairley, Franklin, Fraser, Hargrove, Hatfield, Haugen, Hewitt, Holmquist, Honeyford, Jacobsen, Kauffman, Keiser, Kilmer, Kline, Kohl-Welles, Marr, McAuliffe, McCaslin, Morton, Murray, Oemig, Parlette, Pflug, Prentice, Pridemore, Rasmussen, Regala, Roach, Rockefeller, Schoesler, Stevens, Swecker, Tom, Weinstein and Zarelli - 41

Voting nay: Senators Kastama and Sheldon - 2

Absent: Senator Poulsen - 1

Excused: Senators Berkey, Delvin, Hobbs, Shin and Spanel - 5

HOUSE BILL NO. 1526, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

SECOND READING

HOUSE BILL NO. 1181, by Representatives Ericks, O'Brien, Lovick, Ormsby, McDonald, Haler and Wallace

Modifying the powers and funding of the forensic investigations council.

The measure was read the second time.

MOTION

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On motion of Senator Kline, the rules were suspended, House Bill No. 1181 was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senator Kline spoke in favor of passage of the bill.

The President declared the question before the Senate to be the final passage of House Bill No. 1181.

ROLL CALL

The Secretary called the roll on the final passage of House Bill No. 1181 and the bill passed the Senate by the following vote: Yeas, 46; Nays, 1; Absent, 0; Excused, 2.

Voting yea: Senators Benton, Brandland, Brown, Carrell, Clements, Delvin, Eide, Fairley, Franklin, Fraser, Hargrove, Hatfield, Haugen, Hewitt, Hobbs, Holmquist, Jacobsen, Kastama, Kauffman, Keiser, Kilmer, Kline, Kohl-Welles, Marr, McAuliffe, McCaslin, Morton, Murray, Oemig, Parlette, Pflug, Poulsen, Prentice, Pridemore, Rasmussen, Regala, Roach, Rockefeller, Schoesler, Sheldon, Shin, Stevens, Swecker, Tom, Weinstein and Zarelli - 46

Voting nay: Senator Honeyford - 1

Excused: Senators Berkey and Spanel - 2

HOUSE BILL NO. 1181, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

STATEMENT FOR THE JOURNAL

I wish the Journal to reflect that I mistakenly voted "Yes" on the final passage of Engrossed House Bill No. 1181, which increases fees charged for copies of vital records to fund certain forensic and death investigation activities. I consistently opposed fee increases this year and, had I not been distracted by discussions about Engrossed House Joint Resolution No. 4204 and eliminating the super majority requirement for school levies, I would have voted against Engrossed House Bill No. 1181.

SENATOR JANEA HOLMQUIST, 13th Legislative District

SECOND READING

ENGROSSED HOUSE JOINT RESOLUTION NO. 4204, by Representatives Schual-Berke, Chase, Wallace, Hudgins, Sells, Kenney, Appleton, Pedersen, Ormsby, Hasegawa, Lovick, Haigh, Dunshee, Hunt, Simpson, Lantz, Hunter, Williams, Linville, Goodman, Conway, Springer, Hurst, Campbell, P. Sullivan, Miloscia, Kelley, Moeller, Green, Rolfes, Eddy, Santos, Fromhold and Haler

Amending the Constitution to provide for a simple majority of voters voting to authorize a school levy.

The measure was read the second time.

MOTION

Senator Schoesler moved that the following amendment by Senator Schoesler be adopted.

On page 2, line 30, after "proposition" insert "if the affirmative vote is equal to fifteen percent or more of the registered voters in the school district"

Re-number the sections consecutively and correct any internal references accordingly.

Senators Schoesler and Holmquist spoke in favor of adoption of the amendment.

Senator McAuliffe spoke against adoption of the amendment.

Senator Carrell demanded a roll call.

The President declared that one-sixth of the members supported the demand and the demand was sustained.

The President declared the question before the Senate to be the adoption of the amendment by Senator Schoesler on page 2, line 30 to Engrossed House Joint Resolution No. 4204.

ROLL CALL

The Secretary called the roll on the adoption of the amendment by Senator Schoesler and the amendment was not adopted by the following vote: Yeas, 19; Nays, 30; Absent, 0; Excused, 0.

Voting yea: Senators Benton, Brandland, Carrell, Clements, Delvin, Hargrove, Hewitt, Holmquist, Honeyford, Keiser, McCaslin, Morton, Parlette, Roach, Schoesler, Sheldon, Stevens, Swecker and Zarelli - 19

Voting nay: Senators Berkey, Brown, Eide, Fairley, Franklin, Fraser, Hatfield, Haugen, Hobbs, Jacobsen, Kastama, Kauffman, Kilmer, Kline, Kohl-Welles, Marr, McAuliffe, Murray, Oemig, Pflug, Poulsen, Prentice, Pridemore, Rasmussen, Regala, Rockefeller, Shin, Spanel, Tom and Weinstein - 30

MOTION

Senator Hargrove moved that the following striking amendment by Senator Hargrove be adopted.

Strike everything after page 1, line 7, and insert the following:

"Article VII, section 2. Except as hereinafter provided and notwithstanding any other provision of this Constitution, the aggregate of all tax levies upon real and personal property by the state and all taxing districts now existing or hereafter created, shall not in any year exceed one percent of the true and fair value of such property in money(~~(= Provided, however, That)~~). Nothing herein shall prevent levies at the rates now provided by law by or for any port or public utility district. The term "taxing district" for the purposes of this section shall mean any political subdivision, municipal corporation, district, or other governmental agency authorized by law to levy, or have levied for it, ad valorem taxes on property, other than a port or public utility district. Such aggregate limitation or any specific limitation imposed by law in conformity therewith may be exceeded only as follows:

(a) By any taxing district when specifically authorized so to do by a majority of at least three-fifths of the voters of the taxing district voting on the proposition to levy such additional tax submitted not more than twelve months prior to the date on which the proposed initial levy is to be made and not oftener than twice in such twelve month period, either at a special election or at the regular election of such taxing district, at which election the number of voters voting "yes" on the proposition shall constitute three-fifths of a number equal to forty percent of the total number of voters voting in such taxing district at the last preceding general election when the number of voters voting on the proposition does not exceed forty percent of the total number of voters voting in such taxing district in the last preceding general election; or by a majority of at least three-fifths of the voters of the taxing district voting on the proposition to levy when the number of voters voting on the proposition exceeds forty percent of the number of voters voting in such taxing district in the last preceding general election(~~(= Provided, That)~~). Notwithstanding any other provision of this Constitution, any proposition pursuant to this subsection to levy additional tax for the support of the common schools or fire protection districts may provide such support for a period of up to four years and any proposition to levy an additional tax to support the construction, modernization, or ((remodelling)) remodeling of school facilities or fire facilities may provide such

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support for a period not exceeding six years. Notwithstanding any other provision of this subsection, a proposition under this subsection to levy an additional tax for a school district shall be authorized by a majority of the voters voting on the proposition, regardless of the number of voters voting on the proposition, if the proposition is approved at the general election, in which case the proposition to levy such additional tax shall be submitted not more than fourteen months before the date on which the proposed initial levy is to be made and not oftener than twice during the fourteen-month period beginning with the general election at which the proposition was first submitted. However, a proposition to levy an additional tax for a school district may be submitted at the 2008 general election if the proposition has been submitted no more than three times in such fourteen-month period;

(b) By any taxing district otherwise authorized by law to issue general obligation bonds for capital purposes, for the sole purpose of making the required payments of principal and interest on general obligation bonds issued solely for capital purposes, other than the replacement of equipment, when authorized so to do by majority of at least three-fifths of the voters of the taxing district voting on the proposition to issue such bonds and to pay the principal and interest thereon by annual tax levies in excess of the limitation herein provided during the term of such bonds, submitted not oftener than twice in any calendar year, at an election held in the manner provided by law for bond elections in such taxing district, at which election the total number of voters voting on the proposition shall constitute not less than forty percent of the total number of voters voting in such taxing district at the last preceding general election(~~(-Provided, That)~~). Any such taxing district shall have the right by vote of its governing body to refund any general obligation bonds of said district issued for capital purposes only, and to provide for the interest thereon and amortization thereof by annual levies in excess of the tax limitation provided for herein(~~(-And provided further, That)~~). The provisions of this section shall also be subject to the limitations contained in Article VIII, Section 6, of this Constitution;

(c) By the state or any taxing district for the purpose of preventing the impairment of the obligation of a contract when ordered so to do by a court of last resort.

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

Senator Hargrove spoke in favor of adoption of the striking amendment.

MOTION

Senator Schoesler moved that the following amendment by Senator Schoesler to the striking amendment be adopted.

On page 2, line 12, after "proposition", insert "if the affirmative vote is equal to fifteen percent or more of the registered voters in the school district"

Re-number the sections consecutively and correct any internal references accordingly.

PARLIAMENTARY INQUIRY

Senator Hargrove: "Have we not passed judgement on this amendment already? This is exactly the same as..."

REPLY BY THE PRESIDENT

President Owen: "Senator Hargrove, he is now attempting to amend the striking amendment which really makes a whole

new issue before us. Therefore he may introduce the amendment again."

Senator Schoesler spoke in favor of adoption of the amendment to the striking amendment.

Senator McAuliffe spoke against adoption of the amendment to the striking amendment.

The President declared the question before the Senate to be the adoption of the amendment by Senator Schoesler on page 2, line 12 to the striking amendment to Engrossed House Joint Resolution No. 4204.

The motion by Senator Schoesler failed and the amendment to the striking amendment was not adopted by voice vote.

The President declared the question before the Senate to be the adoption of the striking amendment by Senator Hargrove to Engrossed House Joint Resolution No.

Senator Eide spoke against the striking amendment.

Senator Schoesler demanded a roll call.

The President declared that one-sixth of the members supported the demand and the demand was sustained.

ROLL CALL

The Secretary called the roll on the adoption of the striking amendment by Senator Hargrove and amendment was not adopted by the following vote: Yeas, 18; Nays, 31; Absent, 0; Excused, 0.

Voting yea: Senators Benton, Brandland, Carrell, Clements, Delvin, Hargrove, Hewitt, Holmquist, Honeyford, McCaslin, Morton, Parlette, Roach, Schoesler, Sheldon, Stevens, Swecker and Zarelli - 18

Voting nay: Senators Berkey, Brown, Eide, Fairley, Franklin, Fraser, Hatfield, Haugen, Hobbs, Jacobsen, Kastama, Kauffman, Keiser, Kilmer, Kline, Kohl-Welles, Marr, McAuliffe, Murray, Oemig, Pflug, Poulsen, Prentice, Pridemore, Rasmussen, Regala, Rockefeller, Shin, Spanel, Tom and Weinstein - 31

MOTION

On motion of Senator Eide, the rules were suspended, Engrossed House Joint Resolution No. 4204 was advanced to third reading, the second reading considered the third and the resolution was placed on final passage.

Senators Eide, McAuliffe, Prentice, Shin, Jacobsen, Pflug, Franklin, Tom, Kohl-Welles and Oemig spoke in favor of passage of the resolution.

Senators Holmquist, Benton, Hargrove, Schoesler, McCaslin, Stevens, Honeyford, Parlette, Hewitt and Zarelli spoke against passage of the bill.

The President declared the question before the Senate to be the final passage of Engrossed House Joint Resolution No. 4204.

ROLL CALL

The Secretary called the roll on the final passage of Engrossed House Joint Resolution No. 4204 and the resolution passed the Senate by the following vote: Yeas, 33; Nays, 16; Absent, 0; Excused, 0.

Voting yea: Senators Berkey, Brandland, Brown, Clements, Eide, Fairley, Franklin, Fraser, Hatfield, Haugen, Hobbs, Jacobsen, Kastama, Kauffman, Keiser, Kilmer, Kline, Kohl-Welles, Marr, McAuliffe, Murray, Oemig, Pflug, Poulsen, Prentice, Pridemore, Rasmussen, Regala, Rockefeller, Shin, Spanel, Tom and Weinstein - 33

Voting nay: Senators Benton, Carrell, Delvin, Hargrove,

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Hewitt, Holmquist, Honeyford, McCaslin, Morton, Parlette, Roach, Schoesler, Sheldon, Stevens, Swecker and Zarelli - 16

ENGROSSED HOUSE JOINT RESOLUTION NO. 4204, having received the constitutional majority, was declared passed.

MOTION

At 11:23 a.m., on motion of Senator Eide, the Senate was declared to be at ease subject to the call of the President.

The Senate was called to order at 11:45 a.m. by President Owen.

MOTION

On motion of Senator Eide, the Senate advanced to the eighth order of business.

MOTION

Senator Shin moved adoption of the following resolution:

SENATE RESOLUTION 8682

By Senators Shin, Tom, Honeyford, Eide, Delvin, Rasmussen, Regala, Kohl-Welles, Spanel, McCaslin, Clements, Kauffman, Benton, Oemig, Franklin, Brandland, Sheldon, Weinstein, Poulsen, Hargrove, Kastama, Kline, Jacobsen, Pridemore, Hatfield, Haugen, Keiser, Holmquist, Fraser, McAuliffe, Rockefeller, Zarelli, Marr, Hobbs, Kilmer, Stevens, Swecker, Pflug, Murray, Fairley, Hewitt, Schoesler, Carrell and Roach

WHEREAS, Men and women of the United States Armed Forces have been protecting our country since its inception; and

WHEREAS, The terrorist attacks of September 11, 2001, gave rise to a new type of war; and

WHEREAS, Operation Enduring Freedom, which began in October 2001 in Afghanistan against the Taliban, has claimed the lives of 374 United States service members; and

WHEREAS, Nine servicemen from Washington state have been killed while deployed in Afghanistan, Pakistan, and the Philippines: Sgt. Nathan Paul Hays from Wilbur; Staff Sgt. Juan Miguel Ridout from Oak Harbor; Spc. Harley D.R. Miller from Spokane; Chief Warrant Officer 2nd Class Clint Jeffrey Prather from Cheney; Staff Sgt. Travis Wayne Nixon from Parsons; 1st Lt. Forrest Pinkerton Ewens from Gig Harbor; Spec. Thomas F. Allison from Tacoma; Sgt. Jay A. Blessing from Tacoma; and Sgt. 1st Class Nathan Ross Chapman from Puyallup; and

WHEREAS, The War on Terror expanded to include Iraq with the launch of "Operation Iraqi Freedom" in March 2003; and

WHEREAS, This operation has taken the lives of 3,279 United States service members in Iraq and Kuwait; and

WHEREAS, 67 of those fallen servicemen and women called Washington their home: 1st Lt. Michael Robert Adams from Seattle; Sgt. Corey James Aultz from Port Orchard; Spec. Ryan M. Bell from Colville; Spc. Robert Theodore Benson from Spokane; Staff Sgt. Marvin Leslie Best from Prosser; Cpl. Joseph Phillip Bier from Centralia; Chief Petty Officer Gregory J. Billiter from Oak Harbor; Spec. Joshua M. Boyd from Seattle; Lance Cpl. Cedric Eugene Bruns from Vancouver; Staff Sgt. Christopher Bunda from Bremerton; Staff Sgt. Michael Lee Burbank from Bremerton; Pfc. Cody Shea Calavan from Lake Stevens; 1st Lt. Jamie Lynn Campbell from Ephrata; Lance Cpl. Daniel Chavez from Seattle; Petty Officer 1st Class Regina R. Clark from Centralia; 1st Lt. Benjamin Joseph Colgan from Kent; Sgt. Jason Chesley Cook from Malott; Staff Sgt. Casey J. Crate from Spanaway; Sgt. Jacob Henry Demand from Palouse; Spc. Christopher Wayne Dickinson from Seattle; Spc. Blain Matthew Ebert from Washtucna; Lance Cpl. Adam Quitugua

Emul from Vancouver; Sgt. Damien T. Ficek from Pullman; Lance Cpl. Kane Michael Funke from Vancouver; Sgt. Mickel Davied Garrigus from Elma; Pfc. Devon James Gibbons from Port Orchard; Pfc. Jason Hanson from Forks; Spc. Justin William Hebert from Arlington; Sgt. Jacob Robert Herring from Kirkland; Spc. Jordan William Hess from Marysville; Maj. Alan Ricardo Johnson from Yakima; Cpl. Jeremiah Jewel Johnson from Vancouver; Sgt. Curt Edward Jordan Jr. from Greenacres; Spc. Eric Dean King from Vancouver; Sgt. 1st Class Steven Michael Langmack from Seattle; Sgt. Velton Locklear III from Lacey; Pfc. Duane E. Longstreth from Tacoma; Sgt. Charles E. Matheny IV from Stanwood; Maj. Megan Malia McClung from Coupeville; Petty Officer 1st Class Joseph Adam McSween from Oak Harbor; Staff Sgt. Tracey Lee Melvin from Seattle; Cpl. Darrel James Morris from Spokane Valley; Sgt. 1st Class Lawrence Emerson Morrison from Yakima; Master Sgt. Robb Gordon Needham from Vancouver; Sgt. Juston Dean Norton from Rainier; Staff Sgt. Ronald Lee Paulsen from Vancouver; Sgt. Travis Dwight Pfister from Richland; Lance Cpl. Caleb John Powers from Mansfield; Spc. David Joseph Ramsey from Tacoma; Capt. Gregory Alm Ratzlaff from Olympia; Sgt. Yadir Gumercindo Reynoso from Wapato; Sgt. James Daniel Riekema from Redmond; Staff Sgt. David George Ries from Vancouver; Cpl. Steven Arnold Rintamaki from Lynnwood; Cpl. Jonathan Jose Santos from Bellingham; Spc. Jeremiah Wesley Schmunk from Richland; Pfc. Kerry David Scott from Concrete; Sgt. Jeffrey Ross Shaver from Maple Valley; Lance Cpl. Dustin Lee Sides from Yakima; Cpl. Jeffrey Brian Starr from Snohomish; Lance Cpl. Shane Clanin Swanberg from Kirkland; Staff Sgt. Abraham George Twitchell from Yelm; Staff Sgt. Christopher Jon Vanderhorn from Pierce County; Pfc. Andrew Martin Ward from Kirkland; Sgt. Lucas Timothy White from Moses Lake; Lance Cpl. Nathan Raymond Wood from Kirkland; and Spc. Curtis Lorenza Wooten III from Spanaway; and

WHEREAS, These men and women who died defending our nation leave family and friends in Washington mourning their loss;

NOW, THEREFORE, BE IT RESOLVED, That the members of the Washington State Senate honor the fallen servicemen and women who gave their lives for this country with courage, self-sacrifice, and patriotic devotion; and

BE IT FURTHER RESOLVED, That the Washington State Senate extend appreciation and solace to the families of the servicemen and women who died fighting for this great nation; and

BE IT FURTHER RESOLVED, That copies of this resolution be immediately transmitted by the Secretary of the Senate to members of the Washington State Senate, the families of the aforementioned servicemen and women, and to the United States Air Force, Army, Coast Guard, National Guard, Navy, and the Marine Corps.

REMARKS BY SENATOR SHIN

Senator Shin: "I feel very honored and humble to stand before you to present this resolution. It's amazing how experience helps itself. Sixty years ago I was a little orphaned boy in the street corner begging for food to survive. During the Korean War one of those American soldiers took me as a house boy while we were in a combat situation. In the morning, you folks going to combat, in the evening some of you come back without an arm. Some of you come back without a leg, some of you never came back. I wonder why, stranger from foreign land, come to a country like Korea, given their lives and from then on my heart just wept for them. I was adopted by one of you. 1955, I came here. I got drafted in the Army. 1958, went to Fort Hood, Texas, taking basic training. There we made a commit and swear that we will only address name, rank and serial number at any circumstances. My unit second armor division, was sent to Germany during 1950 Lebanon crisis. Part of my unit's second armor division went in TDY to Lebanon crisis. I was one of them and then and there in the airfield I saw some of the bodies got killed and I wonder why but these kind of experience held

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me to appreciate those soldiers men and women in uniform even to devote your own lives in defense for freedom and defense of the country. This is why I bring you, this is a small resolution to honor our fallen soldiers in the Middle East. You heard the names. So far 3,653 soldiers died and from our state just adding one more, seventy-five as of today. I like to bear my testimony to you that their sacrifice is not in vain. I wish you'd join me in honoring these families in the gallery and valiant men and women uniform. I'm getting so emotional I can not speak anymore but to express my heart-felt feeling. Mr. President, with your permission I'd like to read a letter from President Abraham Lincoln to Mrs. Lydia Bixby, 1864 whose son died in a combat situation.

'I feel how weak and fruitless must be any words of mine which should attempt to beguile you from the grief of a loss so overwhelming. But I cannot refrain from tendering to you the consolation that may be found in the thanks of the Republic they died to save. I pray that our Heavenly Father may assuage the anguish of your bereavement, and leave you only the cherished memory of the loved and lost, and the solemn pride that must be yours to have laid so costly a sacrifice upon the altar of freedom.'

And I join President Lincoln expressing sorrow, condolence and thank you for all the families who gave their lives in defense of freedom. Thank you Mr. President."

REMARKS BY SENATOR HOBBS

Senator Hobbs: "Mr. President, Specialist William Mayor was a great company clerk when I was the XO of the HHC 136 Infantry. He joined the Army late. He had a degree in Culinary Arts. You know, he really didn't want to be in the Army, he wanted to be a sous chef and I always relied on him on getting, finding what the men felt about the company and the company commander and myself and some of it wasn't very good. He told us how it was and he would put together trips for the company, Ski trips for the men. He'd cook for them. Before I transferred out of there to take on another assignment at Fort Benning, I had this pasta maker. Hand crank pasta maker my dad gave to me because he didn't want, I was never going to use it. I gave it to him, I said; 'Specialist you know, I admire your conviction to this company and the hard work you've done and I know that you want to get out of the Army and become a sous chef. I don't know why. That's a weird dream but you know if you want to follow it fine.' I gave him the pasta maker. He was so happy that he got that. We emailed each other. The unit First Armor Division got deployed to Iraq and I was at Fort Benning. He had told that he had gotten a contract to work for Hilton to be a sous chef and he was getting out. I found out that he got killed. He was doing a convoy operations and that's when I knew the reality of war. You know you're always trained for it as a soldier especially as an infantry officer. Then I got deployed to Iraq, did my mission, and one week before I was suppose to leave, one week before I was suppose to leave, we had a rocket attack and several rockets land, one between fifty and one-hundred yards away. Another great American hero, not from Washington State, Sergeant Cunningham, I didn't know it was Sergeant Cunningham but I had to go over there and do the blast analysis and walking up there you know debris was every where. And you see pictures of him and his family with the two children that he had and you find out Sergeant Cunningham was going to leave one week later just like me. We was going to be on the same plane and he, the unique thing about him, he served over twenty years. He was going to retire but because he had the dedication and loyalty and he believed in service. He wanted to be with his unit. Those are the type of men and women who are serving out there today, who are giving their lives. I want to thank you, Senator, for writing up this resolution. Thank you so much. You know, we watch on the news, stuff on there about

Imus and sports, it's almost like we forget and they're just a number. It's not a number. Those are names. Those are fathers. Those are daughters, mothers. This is more than just a piece of paper and I hope we never forget. Thank you."

REMARKS BY SENATOR MCCASLIN

Senator McCaslin: "Thank you Mr. President. I hope I don't get as emotional as Senator Hobbs but Senator Shin asked me yesterday if I'd say a couple of words. I just want to tell you that my father was in World War I in the Navy. My older brother was in four years. He was two years in a 'tin can,' which was a destroyer in the Pacific. I served twenty-seven months but I remember World War II, many of you may not know it, but one they lost a son or a daughter, they would hang gold star in the window. There were three Sullivan brothers in World War II that were on the same ship and when it was destroyed by the Japanese. The services then changed their procedure allowing brothers to serve together but those are sad memories when we saw the gold star in the window. It was a terrible thing to lose a son or a daughter because nothing can compensate for it, not words or papers or resolutions but I thank Senator Shin bringing it forth. I just finished a book by Bradley, the 'Flags of our Fathers.' It's a horrible book about Iwo Jima and why we need to take the island. It tells us the story of twenty-two thousand Japanese not on the island but in the island. They had three stories underground. They dropped five-thousand, eight-hundred tons of bombs on that Island and when they started there was about four-hundred in campus and when they went under there was seven -hundred, in other words, the Japanese improved their position while we bombed them. I think they lost all twenty-two thousand and I think we lost fifteen or twenty thousand. War is hell. Unfortunately it's necessary some times. World War I, World War II, the Korean War, Vietnam War, he served in Iraq, we're losing men there. I hope we accomplish something. One of the things we've accomplished in I and II was our freedoms. I've lived in Australia and I've lived in India. This is the finest country in the world bar none. We are so fortunate to have our system of government and our freedoms. We should all appreciate them. Thank you Mr. President."

REMARKS BY SENATOR SWECKER

Senator Swecker: "Thank you Mr. President. Rising to speak in favor of the resolution, commending it's sponsor. So many families throughout the nation have lost loved ones in Iraq or Afghanistan since that war started. Many Washington families have lost loved ones as well-including some from my own legislative district. When I served in Vietnam, several of my buddies were lost in battle. I so remember the pain I felt when they were killed. I remember them as they were nearly forty years ago. I must remind myself that today they would in their late fifties or early sixties. They gave up a lot, but my memories of them are good. I hope this resolution helps us remember these men and women forty years from today. Thank you."

REMARKS BY SENATOR HAUGEN

Senator Haugen: "Thank you Mr. President. Well this last weekend we lost three sailors from Whidbey Island and with the permission of the body I would like to amend this resolution to add the two men from Oak Harbor who call Washington their home. It's Chief Petty Officer Gregory Billiter and Petty Officer First Class Joseph Adam McSween. They made the ultimate sacrifice and I know we can never be up to date anytime with what's happening but this happened this weekend. Their families and the community are in great sorrow and I think this would be one way to help."

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REPLY BY THE PRESIDENT

President Owen: "If there are no objections, Senator, the names will be added."

REMARKS BY SENATOR Prentice

Senator Prentice: "Thank you Mr. President. Yes, sometimes these really do hit home. On the bottom line says, 'Staff Sergeant Abraham George Twitchell from Yelm' and he was the son of Mary Anne, my legislative assistant since 1992. I had known this young man. He was proud to be a Marine but I hate to think each time we read about these they're names and statistics. I always think, having lost a son in the Vietnam war, and knowing how it truly just tears you apart. It's something that I don't talk about often because it does tear you apart and I would shedding tears if I did it much but knowing how many mothers asking how many wives, how many children, will not have that person home with them. They deserve to have a dad to grow up with and yes, I remember the five Sullivan brothers, because one of the things that they did not tell the family when they were out at sea on the ships, as people could hear them, one of them, yelling as the sharks were eating him. Some of these stories are so terrible and I remember at the end of World War II they told the servicemen don't talk to the families, don't tell them. They told us, don't ask. I thought, of course, they don't want us to know how absolutely terrible war is and that we can almost understand why some soldiers who were really decent people do brutal awful things and people would say they were always a decent person but war brutalizes everybody who's near it. I would just say, if we really were aware of how terrible war is we would be very reluctant to enter into it. Thank you Senator Shin."

REMARKS BY SENATOR FRANKLIN

Senator Franklin: "Thank you Mr. President and ladies and gentlemen of the Senate; rising to support this resolution and to thank the good Senator Shin for bringing it forward. Yes, war is terrible and as the good Senator McCaslin says, sometimes it's necessary. I think with us here at home the greatest nation that we a lot of times here at home don't really realize what is going on. Those who have served and are serving in order for us to have some measure of comfort, if you will, or sleep without fear that our shores are protected. How the present day, let's go back, World War I, up until this day of Iraqi Freedom and those men and women who are serving there are doing a great job and we know when there is a war, lives are going to be lost. We'd hope that that would not happen. It's painful. It's painful to families, but our job here is to help them, to be of service to them, to do what we can in order to re-iterate them back and to bring them home and to provide for their needs. What upsets me is what they are coming back to now and the type of treatment that they are getting. When we look and see and read what had happened at Walter Reed that is no way to treat our returning veterans and I'm not saying it's happening here but we have got to see that they get the services that they need to have. When I attend, and I visited cemeteries, it's sad but there's a proud moment. To go to Arlington, to visit the cemeteries in France, to go to Auburn, to go, eventually, to Eastern side of the Mountain and to be able to meditate and to say here, they have given their lives for our freedom and we must see that their families, their children receive the services they need. When I was actively practice at Madigan and I also cared for Vietnam casualties and they came in and I took care of them and were heart-felt moments also of injuries that they received. We can never say thank you enough to the families, to the spouses to all of those families who might have lost loved ones but we are here to try to help you and to

support you and to those deceased veterans that each time we see their names in our Washingtonians and not only them but across the country that we will say that they gave their lives for our freedom and they would not have given their lives in vain. We will remember them. Thank you."

REMARKS BY SENATOR CLEMENTS

Senator Clements: "Thank you Mr. President. Thank you Senator Shin. On this list are three people, these men that died in my district. One of the elected officials in town is Lance Corporal Sides, a dear friend of mine, and lost her family member. That was the first loss. Sergeant Yadir Gumerindo Reynoso, I never met his mother. His sister called one day and said that when he went to Iraq his mother cosigned on his cell phone with him and the young man had rung up quite a few thousand dollars in telephone bills. It took about a year with some help with some lobbyist here and the cell phone company but while this mother and family were grieving, there was great pressure on this poor family to pay a debt and the goodness of people they forgave it. And then here a few days ago this body decided to help Victoria Johnson. Major Allen Ricardo Johnson died and we gave a special recognition to her in Ways & Means and the death benefit was made whole. I don't think Victoria would mind this comment, we talked about the personal tragedy but every night when she goes to bed she puts his cologne the pillow next to her. There is a memorial out here, where there's a brick with my father and my wife's father who was with Doolittle Raiders, thirty seconds over Tokyo plane number thirteen. He crash landed and spent months walking out of China and today as we celebrate those people who have fallen we have to hold in prayers those people that go off to war. I have a nephew today on his way to Iraq as a Marine. The great sacrifices that people have made and the sacrifices today the living are making. Today we honor both. I thank you Senator Shin."

REMARKS BY SENATOR ROCKEFELLER

Senator Rockefeller: "Thank you Mr. President. Hearing these names here that were recited this morning so diverse and hearing the names of communities from which they came, the home towns of all of us, reminded me that these individuals are part of the fabric of our communities and we share their loss with their families and with their loved one and community towns people every where. That loss is embedded inside each of us as well. I think we can never repay the debt that we owe to these patriots or to their families but we can, as we love our country, cherish the memory of these gallant men and women and their families who endure the scars and wounds of war. We can cherish the fact that they were prepared to stand up in defense of freedom and in defense of each of us. Let us resolve today to demonstrate our continuing care and compassion and support for each of those family members as they endure the aftermath of this ultimate sacrifice. At the same time, let us also remember those who continue to serve in harms way, because they too deserve our love and support and I'm honored to join with Senator Shin in behalf of this resolution. Thank you."

REMARKS BY SENATOR PARLETTE

Senator Parlette: "Thank you Mr. President. I rise in support of this resolution. There is a gentleman from my district, Marine Lance Caleb John Powers from Mansfield. I spoke at his memorial service two years ago. I spoke at his memorial service the day after I returned from visiting Japan because the city of Wenatchee has a sister city in Misawa, Japan and my husband were part of the delegation. That was a very moving experience for me because I was in Japan on my fifty-ninth birthday and my

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father, who will be eighty-four years old tomorrow, April 13th, served as a Marine in World War II and he was over seas at that time. I actually was born six days after World War II ended and my dad always told me how many points I was worth because he came a father he got to move up when he returned so he got home in November because he was a new father. But the experience that I will always remember when visiting Japan was riding down in that parade route in a jeep with my husband and a military officer and behind us was a Japanese van and in the streets were all the Japanese waving the American flag and the band was playing over, over and over 'Stars and Stripes Forever' and, all of a sudden, I thought about it because it was my birthday and that feeling of how lucky I was that my father came home. Also, the feeling that if only we can have world peace and let's remember those young men and women who are still fighting for our country and for others. They are fighting for world peace and all those freedoms we in the United States and only in some parts of the country have. Thank you Senator Shin for sponsoring this."

Senators Shin, Hobbs, McCaslin, Swecker, Haugen, Prentice, Franklin, Clements, Rockefeller and Parlette spoke in favor of adoption of the resolution.

The President declared the question before the Senate to be the adoption of Senate Resolution No. 8682.

The motion by Senator Shin carried and the resolution was adopted by voice vote.

INTRODUCTION OF SPECIAL GUESTS

The President welcomed the friends and families of service men and women and all the armed forces who were seated in the gallery.

INTRODUCTION OF SPECIAL GUESTS

The President welcomed and introduced First Gentleman, Mike Gregoire, who was seated at the rostrum.

The President welcome and introduced Washington State Department of Affairs, Director John Lee.

REMARKS BY COLONEL MICHAEL MCCAFFREE, COMMANDER, 81ST BRIGADE COMBAT TEAM

Colonel McCaffree: "Lieutenant Governor Owen, Senators, Mr. Gregoire, Mr. Lee, distinguished guests, Gold Star families, Soldiers, Sailors, Airmen and Marines. Thank you for inviting us here today to participate in this Senate Resolution honoring our fallen warriors from Washington State. As a soldier who spent more than thirteen months in Iraq with the 81st Brigade Combat Team of your Washington National Guard, I can say I know what it is like to lose friends and comrades in arms. Several of the names that were read this morning were soldiers that I knew and served with. I see other members of our 81st Brigade in the gallery, all veterans of combat in Iraq. I also see other members of Washington National Guard units, both Army and Air, as well as other soldiers, sailors, airmen, marines and veterans. The soldiers, sailors, airmen and Marines that are here today are all veterans of combat in many far flung as part of America's global war on terrorism. While we all know the pain of losing friends on the battle field, our experience does not compare to the pain and anguish of the Gold Star families that have lost their loved ones. I would like to especially acknowledge the Gold Star families that are here today in the gallery to witness this resolution recognizing our friends and their family members who gave their lives in service to our nation. The warriors that we recognize today represent many of America's best. They were men and women that were not content to sit idly by and wait for others to do the jobs that needed to be done for America, to help keep all of us free and

safe. While there are many ways to serve America, the men and women we honor today agreed to actively contribute to America through service in our Military. None of them sought to give their lives but all knew that it was possible and believed that the risks of service to the nation were worth it. Those of us that continue to serve America through Military service believe the same way. On behalf of our Gold Star families and all the Military services and components, I would like to thank Senator Shin for sponsoring this resolution. I would also like to thank the many other Senators that supported this resolution to honor our fallen warriors. We will remember them always. God Bless you all and thank you for your service."

REMARKS BY THE PRESIDENT

President Owen: "The President would like to make one final introduction and that is I would appreciate it very much if those people serving in the Military service that are with us today would stand and be recognized as well."

MOTION

At 12:24 p.m., on motion of Senator Eide, the Senate was declared to be at ease subject to the call of the President.

AFTERNOON SESSION

The Senate was called to order at 1:30 p.m. by President Owen.

MOTION

On motion of Senator Eide, the Senate reverted to the first order of business.

REPORTS OF STANDING COMMITTEES

April 12, 2007
SGA 9253 KEVEN ROJECKI, appointed July 15, 2006, for the term ending June 30, 2012, as Member of the Gambling Commission. Reported by Committee on Labor, Commerce, Research & Development

MAJORITY recommendation: That said appointment be confirmed. Signed by Senators Kohl-Welles, Chair; Keiser, Vice Chair; Clements, Franklin, Holmquist, Murray and Prentice

Passed to Committee on Rules for second reading.

April 12, 2007
SGA 9275 JUDY SCHURKE, appointed March 5, 2007, for the term ending at the governor's pleasure, as a Director of the Department of Labor and Industries. Reported by Committee on Labor, Commerce, Research & Development

MAJORITY recommendation: That said appointment be confirmed. Signed by Senators Kohl-Welles, Chair; Keiser, Vice Chair; Clements, Franklin, Holmquist, Murray and Prentice

Passed to Committee on Rules for second reading.

MOTION

On motion of Senator Eide, all measures listed on the Standing Committee report were referred to the committees as designated.

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MOTION

On motion of Senator Eide, the Senate advanced to the fifth order of business.

INTRODUCTION AND FIRST READING OF HOUSE BILLS

SHB 2378 by House Committee on Transportation (originally sponsored by Representatives Flannigan, Jarrett, Clibborn, Eddy, Seaquist and Roberts)

AN ACT Relating to construction of new vessels for Washington state ferries; adding a new section to chapter 47.60 RCW; creating a new section; and declaring an emergency.

MOTION

On motion of Senator Eide, the rules were suspended and that Substitute House Bill No. 2378 was placed on the second reading calendar.

MOTION

At 1:36 p.m., on motion of Senator Eide, the Senate was declared to be at ease subject to the call of the President.

The Senate was called to order at 1:49 p.m. by President Owen.

MOTION

On motion of Senator Eide, the Senate reverted to the fourth order of business.

MESSAGE FROM THE HOUSE

April 11, 2007

MR. PRESIDENT:

The House has passed the following bills:
SUBSTITUTE SENATE BILL NO. 5568,
 and the same is herewith transmitted.

RICHARD NAFZIGER, Chief Clerk

MOTION

On motion of Senator Eide, the Senate advanced to the sixth order of business.

SECOND READING

HOUSE BILL NO. 1270, by Representatives Kirby, Roach and Moeller

Modifying provisions of the consumer loan act with respect to loan restrictions.

The measure was read the second time.

MOTION

Senator Berkey moved that the following amendment by Senator Berkey be adopted.

On page 2, after line 29, insert the following:

"NEW SECTION. Sec. 2. A new section is added to chapter 30.04 RCW to read as follows:

(1) A creditor, as defined in 10 U.S.C. Sec. 987(i)(5) as it

exists on April 1, 2007 may consider whether any person is a covered member or dependent, as defined in 10 U.S.C. Sec. 987(i)(1) and (2) as each exists on April 1, 2007, in connection with an application for or an extension of consumer credit, as defined in 10 U.S.C. Sec. 987(i)(6) as it exists on April 1, 2007.

(2) Notwithstanding any other provision of law, it shall not be an unfair practice or a denial of civil rights for a creditor, as defined in 10 U.S.C. Sec. 987(i)(5) as it exists on April 1, 2007, to refuse to offer, to deny, to offer different terms and conditions, or to otherwise place restrictions upon an extension of consumer credit, as defined in 10 U.S.C. Sec. 987(i)(6) as it exists on April 1, 2007, offered to or entered into with a covered member or dependent because such person is a covered member or dependent, as defined in 10 U.S.C. Sec. 987(i)(1) and (2) as each exists on April 1, 2007. Nothing in this subsection permits any such creditor to refuse to offer, to deny, to offer different terms and conditions, or to otherwise place restrictions upon an extension of consumer credit, to a covered member or dependent, based upon status protected by chapter 49.60 RCW other than the honorably discharged veteran or military status of the covered member or dependent.

NEW SECTION. Sec. 3. A new section is added to chapter 31.04 RCW to read as follows:

(1) A creditor, as defined in 10 U.S.C. Sec. 987(i)(5) as it exists on April 1, 2007 may consider whether any person is a covered member or dependent, as defined in 10 U.S.C. Sec. 987(i)(1) and (2) as each exists on April 1, 2007, in connection with an application for or an extension of consumer credit, as defined in 10 U.S.C. Sec. 987(i)(6) as it exists on April 1, 2007.

(2) Notwithstanding any other provision of law, it shall not be an unfair practice or a denial of civil rights for a creditor, as defined in 10 U.S.C. Sec. 987(i)(5) as it exists on April 1, 2007, to refuse to offer, to deny, to offer different terms and conditions, or to otherwise place restrictions upon an extension of consumer credit, as defined in 10 U.S.C. Sec. 987(i)(6) as it exists on April 1, 2007, offered to or entered into with a covered member or dependent because such person is a covered member or dependent, as defined in 10 U.S.C. Sec. 987(i)(1) and (2) as each exists on April 1, 2007. Nothing in this subsection permits any such creditor to refuse to offer, to deny, to offer different terms and conditions, or to otherwise place restrictions upon an extension of consumer credit, to a covered member or dependent, based upon status protected by chapter 49.60 RCW other than the honorably discharged veteran or military status of the covered member or dependent.

NEW SECTION. Sec. 4. A new section is added to chapter 31.12 RCW to read as follows:

(1) A creditor, as defined in 10 U.S.C. Sec. 987(i)(5) as it exists on April 1, 2007 may consider whether any person is a covered member or dependent, as defined in 10 U.S.C. Sec. 987(i)(1) and (2) as each exists on April 1, 2007, in connection with an application for or an extension of consumer credit, as defined in 10 U.S.C. Sec. 987(i)(6) as it exists on April 1, 2007.

(2) Notwithstanding any other provision of law, it shall not be an unfair practice or a denial of civil rights for a creditor, as defined in 10 U.S.C. Sec. 987(i)(5) as it exists on April 1, 2007, to refuse to offer, to deny, to offer different terms and conditions, or to otherwise place restrictions upon an extension of consumer credit, as defined in 10 U.S.C. Sec. 987(i)(6) as it exists on April 1, 2007, offered to or entered into with a covered member or dependent because such person is a covered member or dependent, as defined in 10 U.S.C. Sec. 987(i)(1) and (2) as each exists on April 1, 2007. Nothing in this subsection permits any such creditor to refuse to offer, to deny, to offer different terms and conditions, or to otherwise place restrictions upon an extension of consumer credit, to a covered member or dependent, based upon status protected by chapter 49.60 RCW other than the honorably discharged veteran or military status of the covered member or dependent.

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NEW SECTION. Sec. 5. A new section is added to chapter 31.45 RCW to read as follows:

(1) A creditor, as defined in 10 U.S.C. Sec. 987(i)(5) as it exists on April 1, 2007 may consider whether any person is a covered member or dependent, as defined in 10 U.S.C. Sec. 987(i)(1) and (2) as each exists on April 1, 2007, in connection with an application for or an extension of consumer credit, as defined in 10 U.S.C. Sec. 987(i)(6) as it exists on April 1, 2007.

(2) Notwithstanding any other provision of law, it shall not be an unfair practice or a denial of civil rights for a creditor, as defined in 10 U.S.C. Sec. 987(i)(5) as it exists on April 1, 2007, to refuse to offer, to deny, to offer different terms and conditions, or to otherwise place restrictions upon an extension of consumer credit, as defined in 10 U.S.C. Sec. 987(i)(6) as it exists on April 1, 2007, offered to or entered into with a covered member or dependent because such person is a covered member or dependent, as defined in 10 U.S.C. Sec. 987(i)(1) and (2) as each exists on April 1, 2007. Nothing in this subsection permits any such creditor to refuse to offer, to deny, to offer different terms and conditions, or to otherwise place restrictions upon an extension of consumer credit, to a covered member or dependent, based upon status protected by chapter 49.60 RCW other than the honorably discharged veteran or military status of the covered member or dependent.

NEW SECTION. Sec. 6. A new section is added to chapter 32.08 RCW to read as follows:

(1) A creditor, as defined in 10 U.S.C. Sec. 987(i)(5) as it exists on April 1, 2007 may consider whether any person is a covered member or dependent, as defined in 10 U.S.C. Sec. 987(i)(1) and (2) as each exists on April 1, 2007, in connection with an application for or an extension of consumer credit, as defined in 10 U.S.C. Sec. 987(i)(6) as it exists on April 1, 2007.

(2) Notwithstanding any other provision of law, it shall not be an unfair practice or a denial of civil rights for a creditor, as defined in 10 U.S.C. Sec. 987(i)(5) as it exists on April 1, 2007, to refuse to offer, to deny, to offer different terms and conditions, or to otherwise place restrictions upon an extension of consumer credit, as defined in 10 U.S.C. Sec. 987(i)(6) as it exists on April 1, 2007, offered to or entered into with a covered member or dependent because such person is a covered member or dependent, as defined in 10 U.S.C. Sec. 987(i)(1) and (2) as each exists on April 1, 2007. Nothing in this subsection permits any such creditor to refuse to offer, to deny, to offer different terms and conditions, or to otherwise place restrictions upon an extension of consumer credit, to a covered member or dependent, based upon status protected by chapter 49.60 RCW other than the honorably discharged veteran or military status of the covered member or dependent.

NEW SECTION. Sec. 7. A new section is added to chapter 33.12 RCW to read as follows:

(1) A creditor, as defined in 10 U.S.C. Sec. 987(i)(5) as it exists on April 1, 2007 may consider whether any person is a covered member or dependent, as defined in 10 U.S.C. Sec. 987(i)(1) and (2) as each exists on April 1, 2007, in connection with an application for or an extension of consumer credit, as defined in 10 U.S.C. Sec. 987(i)(6) as it exists on April 1, 2007.

(2) Notwithstanding any other provision of law, it shall not be an unfair practice or a denial of civil rights for a creditor, as defined in 10 U.S.C. Sec. 987(i)(5) as it exists on April 1, 2007, to refuse to offer, to deny, to offer different terms and conditions, or to otherwise place restrictions upon an extension of consumer credit, as defined in 10 U.S.C. Sec. 987(i)(6) as it exists on April 1, 2007, offered to or entered into with a covered member or dependent because such person is a covered member or dependent, as defined in 10 U.S.C. Sec. 987(i)(1) and (2) as each exists on April 1, 2007. Nothing in this subsection permits any such creditor to refuse to offer, to deny, to offer different terms and conditions, or to otherwise place restrictions upon an extension of consumer credit, to a covered member or

dependent, based upon status protected by chapter 49.60 RCW other than the honorably discharged veteran or military status of the covered member or dependent."

On page 1, line 1 of the title, after "Relating to the" strike the remainder of the title and insert "extension of credit; amending RCW 31.04.125; adding a new section to chapter 30.04 RCW; adding a new section to chapter 31.04 RCW; adding a new section to chapter 31.12 RCW; adding a new section to chapter 31.45 RCW; adding a new section to chapter 32.08 RCW; and adding a new section to chapter 33.12 RCW."

Senator Berkey spoke in favor of adoption of the amendment.

POINT OF ORDER

Senator Kline: "Mr. President, I believe the proposed amendment exceeds the scope and object of the underlying bill, House Bill No. 1270."

Senator Kline spoke in favor of the point of order.
Senator Berkey spoke against the point of order.

MOTION

On motion of Senator Eide, further consideration of House Bill No. 1270 was deferred and the bill held its place on the second reading calendar.

SECOND READING

HOUSE BILL NO. 1371, by Representative Appleton

Addressing traffic infractions involving rental vehicles.

The measure was read the second time.

MOTION

Senator Murray moved that the following committee striking amendment by the Committee on Transportation be adopted.

Strike everything after the enacting clause and insert the following:

"**Sec. 1.** RCW 46.63.073 and 2005 c 331 s 2 are each amended to read as follows:

(1) In the event a traffic infraction is based on a vehicle's identification, and the registered owner of the vehicle is a rental car business, the law enforcement agency shall, before a notice of infraction may be issued, provide a written notice to the rental car business that a notice of infraction may be issued to the rental car business if the rental car business does not, within thirty days of receiving the written notice, provide to the issuing agency by return mail:

(a) A statement under oath stating the name and known mailing address of the individual driving or renting the vehicle when the infraction occurred; or

(b) A statement under oath that the business is unable to determine who was driving or renting the vehicle at the time the infraction occurred because the vehicle was stolen at the time of the infraction. A statement provided under this subsection must be accompanied by a copy of a filed police report regarding the vehicle theft.

Timely mailing of this statement to the issuing law enforcement agency relieves a rental car business of any liability under this chapter for the notice of infraction. In lieu of identifying the vehicle operator, the rental car business may pay the applicable penalty. ~~((2))~~ For the purpose of this ~~(section)~~ subsection, a "traffic infraction based on a vehicle's identification" includes, but is not limited to, parking infractions, high-occupancy toll lane violations, and violations recorded by automated traffic safety cameras.

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(2) In the event a parking infraction is issued by a private parking facility and is based on a vehicle's identification, and the registered owner of the vehicle is a rental car business, the parking facility shall, before a notice of infraction may be issued, provide a written notice to the rental car business that a notice of infraction may be issued to the rental car business if the rental car business does not, within thirty days of receiving the written notice, provide to the parking facility by return mail:

(a) A statement under oath stating the name and known mailing address of the individual driving or renting the vehicle when the infraction occurred; or

(b) A statement under oath that the business is unable to determine who was driving or renting the vehicle at the time the infraction occurred because the vehicle was stolen at the time of the infraction. A statement provided under this subsection must be accompanied by a copy of a filed police report regarding the vehicle theft.

Timely mailing of this statement to the parking facility relieves a rental car business of any liability under this chapter for the notice of infraction. In lieu of identifying the vehicle operator, the rental car business may pay the applicable penalty. For the purpose of this subsection, a "parking infraction based on a vehicle's identification" is limited to parking infractions occurring on a private parking facility's premises.

Sec. 2. RCW 46.63.160 and 2004 c 231 s 6 are each amended to read as follows:

(1) This section applies only to traffic infractions issued under RCW 46.61.690 for toll collection evasion.

(2) Nothing in this section prohibits a law enforcement officer from issuing a notice of traffic infraction to a person in control of a vehicle at the time a violation occurs under RCW 46.63.030(1) (a), (b), or (c).

(3) Toll collection systems include manual cash collection, electronic toll collection, and photo enforcement systems.

(4) "Electronic toll collection system" means a system of collecting tolls or charges that is capable of charging the account of the toll patron the appropriate toll or charge by electronic transmission from the motor vehicle to the toll collection system, which information is used to charge the appropriate toll or charge to the patron's account.

(5) "Photo enforcement system" means a vehicle sensor installed to work in conjunction with an electronic toll collection system that automatically produces one or more photographs, one or more microphotographs, a videotape, or other recorded images of a vehicle operated in violation of an infraction under this chapter.

(6) The use of a toll collection system is subject to the following requirements:

(a) The department of transportation shall adopt rules that allow an open standard for automatic vehicle identification transponders used for electronic toll collection to be compatible with other electronic payment devices or transponders from the Washington state ferry system, other public transportation systems, or other toll collection systems to the extent that technology permits. The rules must also allow for multiple vendors providing electronic payment devices or transponders as technology permits.

(b) The department of transportation may not sell, distribute, or make available in any way, the names and addresses of electronic toll collection system account holders.

(7) The use of a photo enforcement system for issuance of notices of infraction is subject to the following requirements:

(a) Photo enforcement systems may take photographs, digital photographs, microphotographs, videotapes, or other recorded images of the vehicle and vehicle license plate only.

(b) A notice of infraction must be mailed to the registered owner of the vehicle or to the renter of a vehicle within sixty days of the violation. The law enforcement officer issuing the notice of infraction shall include with it a certificate or facsimile thereof, based upon inspection of photographs, microphotographs, videotape, or other recorded images produced by a photo enforcement system, stating the facts supporting the notice of infraction. This certificate or facsimile is prima facie evidence of the facts contained in it and is admissible in a proceeding charging a violation under this

chapter. The photographs, digital photographs, microphotographs, videotape, or other recorded images evidencing the violation must be available for inspection and admission into evidence in a proceeding to adjudicate the liability for the infraction.

(c) Notwithstanding any other provision of law, all photographs, digital photographs, microphotographs, videotape, or other recorded images prepared under this chapter are for the exclusive use of the tolling agency and law enforcement in the discharge of duties under this section and are not open to the public and may not be used in a court in a pending action or proceeding unless the action or proceeding relates to a violation under this chapter. No photograph, digital photograph, microphotograph, videotape, or other recorded image may be used for any purpose other than enforcement of violations under this chapter nor retained longer than necessary to enforce this chapter or verify that tolls are paid.

(d) All locations where a photo enforcement system is used must be clearly marked by placing signs in locations that clearly indicate to a driver that he or she is entering a zone where traffic laws are enforced by a photo enforcement system.

(8) Infractions detected through the use of photo enforcement systems are not part of the registered owner's driving record under RCW 46.52.101 and 46.52.120.

(9) If the registered owner of the vehicle is a rental car business the department of transportation or a law enforcement agency shall, before a notice of infraction being issued under this section, provide a written notice to the rental car business that a notice of infraction may be issued to the rental car business if the rental car business does not, within eighteen days of the mailing of the written notice, provide to the issuing agency by return mail:

(a) A statement under oath stating the name and known mailing address of the individual driving or renting the vehicle when the infraction occurred; or

(b) A statement under oath that the business is unable to determine who was driving or renting the vehicle at the time the infraction occurred because the vehicle was stolen at the time of the infraction. A statement provided under this subsection must be accompanied by a copy of a filed police report regarding the vehicle theft; or

(c) In lieu of identifying the vehicle operator, the rental car business may pay the applicable toll and fee.

Timely mailing of this statement to the issuing law enforcement agency relieves a rental car business of any liability under this chapter for the notice of infraction.

Sec. 3. RCW 46.63.170 and 2005 c 167 s 1 are each amended to read as follows:

(1) The use of automated traffic safety cameras for issuance of notices of infraction is subject to the following requirements:

(a) The appropriate local legislative authority must first enact an ordinance allowing for their use to detect one or more of the following: Stoplight, railroad crossing, or school speed zone violations. At a minimum, the local ordinance must contain the restrictions described in this section and provisions for public notice and signage. Cities and counties using automated traffic safety cameras before July 24, 2005, are subject to the restrictions described in this section, but are not required to enact an authorizing ordinance.

(b) Use of automated traffic safety cameras is restricted to two-arterial intersections, railroad crossings, and school speed zones only.

(c) Automated traffic safety cameras may only take pictures of the vehicle and vehicle license plate and only while an infraction is occurring. The picture must not reveal the face of the driver or of passengers in the vehicle.

(d) A notice of infraction must be mailed to the registered owner of the vehicle within fourteen days of the violation, or to the renter of a vehicle within fourteen days of establishing the renter's name and address under subsection (3)(a) of this section. The law enforcement officer issuing the notice of infraction shall include with it a certificate or facsimile thereof, based upon inspection of photographs, microphotographs, or electronic images produced by an automated traffic safety camera, stating the facts supporting the notice of infraction. This certificate or

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facsimile is prima facie evidence of the facts contained in it and is admissible in a proceeding charging a violation under this chapter. The photographs, microphotographs, or electronic images evidencing the violation must be available for inspection and admission into evidence in a proceeding to adjudicate the liability for the infraction. A person receiving a notice of infraction based on evidence detected by an automated traffic safety camera may respond to the notice by mail.

(e) The registered owner of a vehicle is responsible for an infraction under RCW 46.63.030(1)(e) unless the registered owner overcomes the presumption in RCW 46.63.075, or, in the case of a rental car business, satisfies the conditions under subsection (3) of this section. If appropriate under the circumstances, a renter identified under subsection (3)(a) of this section is responsible for an infraction.

(f) Notwithstanding any other provision of law, all photographs, microphotographs, or electronic images prepared under this section are for the exclusive use of law enforcement in the discharge of duties under this section and are not open to the public and may not be used in a court in a pending action or proceeding unless the action or proceeding relates to a violation under this section. No photograph, microphotograph, or electronic image may be used for any purpose other than enforcement of violations under this section nor retained longer than necessary to enforce this section.

(g) All locations where an automated traffic safety camera is used must be clearly marked by placing signs in locations that clearly indicate to a driver that he or she is entering a zone where traffic laws are enforced by an automated traffic safety camera.

(h) If a county or city has established an authorized automated traffic safety camera program under this section, the compensation paid to the manufacturer or vendor of the equipment used must be based only upon the value of the equipment and services provided or rendered in support of the system, and may not be based upon a portion of the fine or civil penalty imposed or the revenue generated by the equipment.

(2) Infractions detected through the use of automated traffic safety cameras are not part of the registered owner's driving record under RCW 46.52.101 and 46.52.120. Additionally, infractions generated by the use of automated traffic safety cameras under this section shall be processed in the same manner as parking infractions, including for the purposes of RCW 3.46.120, 3.50.100, 35.20.220, 46.16.216, and 46.20.270(3). However, the amount of the fine issued for an infraction generated through the use of an automated traffic safety camera shall not exceed the amount of a fine issued for other parking infractions within the jurisdiction.

(3) If the registered owner of the vehicle is a rental car business, the law enforcement agency shall, before a notice of infraction being issued under this section, provide a written notice to the rental car business that a notice of infraction may be issued to the rental car business if the rental car business does not, within eighteen days of receiving the written notice, provide to the issuing agency by return mail:

(a) A statement under oath stating the name and known mailing address of the individual driving or renting the vehicle when the infraction occurred; or

(b) A statement under oath that the business is unable to determine who was driving or renting the vehicle at the time the infraction occurred because the vehicle was stolen at the time of the infraction. A statement provided under this subsection must be accompanied by a copy of a filed police report regarding the vehicle theft; or

(c) In lieu of identifying the vehicle operator, the rental car business may pay the applicable penalty.

Timely mailing of this statement to the issuing law enforcement agency relieves a rental car business of any liability under this chapter for the notice of infraction.

(4) Nothing in this section prohibits a law enforcement officer from issuing a notice of traffic infraction to a person in control of a vehicle at the time a violation occurs under RCW 46.63.030(1) (a), (b), or (c).

(5) For the purposes of this section, "automated traffic safety camera" means a device that uses a vehicle sensor installed to

work in conjunction with an intersection traffic control system, a railroad grade crossing control system, or a speed measuring device, and a camera synchronized to automatically record one or more sequenced photographs, microphotographs, or electronic images of the rear of a motor vehicle at the time the vehicle fails to stop when facing a steady red traffic control signal or an activated railroad grade crossing control signal, or exceeds a speed limit in a school speed zone as detected by a speed measuring device."

The President declared the question before the Senate to be the adoption of the committee striking amendment by the Committee on Transportation to House Bill No. 1371.

The motion by Senator Murray carried and the committee striking amendment was adopted by voice vote.

MOTION

There being no objection, the following title amendment was adopted:

On page 1, line 1 of the title, after "vehicles;" strike the remainder of the title and insert "and amending RCW 46.63.073, 46.63.160, and 46.63.170."

MOTION

On motion of Senator Murray, the rules were suspended, House Bill No. 1371 as amended by the Senate was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senator Murray spoke in favor of passage of the bill.

The President declared the question before the Senate to be the final passage of House Bill No. 1371 as amended by the Senate

ROLL CALL

The Secretary called the roll on the final passage of House Bill No. 1371 as amended by the Senate and the bill passed the Senate by the following vote: Yeas, 48; Nays, 1; Absent, 0; Excused, 0.

Voting yea: Senators Berkey, Brandland, Brown, Carrell, Clements, Delvin, Eide, Fairley, Franklin, Fraser, Hargrove, Hatfield, Haugen, Hewitt, Hobbs, Holmquist, Honeyford, Jacobsen, Kastama, Kauffman, Keiser, Kilmer, Kline, Kohl-Welles, Marr, McAuliffe, McCaslin, Morton, Murray, Oemig, Parlette, Pflug, Poulsen, Prentice, Pridemore, Rasmussen, Regala, Roach, Rockefeller, Schoesler, Sheldon, Shin, Spanel, Stevens, Swecker, Tom, Weinstein and Zarelli - 48

Voting nay: Senator Benton - 1

HOUSE BILL NO. 1371 as amended by the Senate, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

SECOND READING

SUBSTITUTE HOUSE BILL NO. 1255, by House Committee on Local Government (originally sponsored by Representatives Simpson, Curtis, Sells, Walsh, Buri, B. Sullivan, Ericks, Ormsby and Moeller)

Prohibiting municipal officers from being beneficially interested in any personal services contract that is made by, through, or under the supervision of that officer.

The measure was read the second time.

MOTION

Senator Fairley moved that the following committee striking

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amendment by the Committee on Government Operations & Elections be adopted.

Strike everything after the enacting clause and insert the following:

"Sec. 1. RCW 42.23.030 and 2006 c 121 s 1 are each amended to read as follows:

No municipal officer shall be beneficially interested, directly or indirectly, in any contract which may be made by, through or under the supervision of such officer, in whole or in part, or which may be made for the benefit of his or her office, or accept, directly or indirectly, any compensation, gratuity or reward in connection with such contract from any other person beneficially interested therein. This section shall not apply in the following cases:

(1) The furnishing of electrical, water or other utility services by a municipality engaged in the business of furnishing such services, at the same rates and on the same terms as are available to the public generally;

(2) The designation of public depositaries for municipal funds;

(3) The publication of legal notices required by law to be published by any municipality, upon competitive bidding or at rates not higher than prescribed by law for members of the general public;

(4) The designation of a school director as clerk or as both clerk and purchasing agent of a school district;

(5) The employment of any person by a municipality for unskilled day labor at wages not exceeding two hundred dollars in any calendar month. The exception provided in this subsection does not apply to a county with a population of one hundred twenty-five thousand or more, a city with a population of more than one thousand five hundred, an irrigation district encompassing more than fifty thousand acres, or a first class school district;

(6)(a) The letting of any other contract in which the total amount received under the contract or contracts by the municipal officer or the municipal officer's business does not exceed one thousand five hundred dollars in any calendar month.

(b) However, in the case of a particular officer of a second class city or town, or a noncharter optional code city, or a member of any county fair board in a county which has not established a county purchasing department pursuant to RCW 36.32.240, the total amount of such contract or contracts authorized in this subsection (6) may exceed one thousand five hundred dollars in any calendar month but shall not exceed eighteen thousand dollars in any calendar year.

(c)(i) In the case of a particular officer of a rural public hospital district, as defined in RCW 70.44.460, the total amount of such contract or contracts authorized in this subsection (6) may exceed one thousand five hundred dollars in any calendar month, but shall not exceed twenty-four thousand dollars in any calendar year.

(ii) At the beginning of each calendar year, beginning with the 2006 calendar year, the legislative authority of the rural public hospital district shall increase the calendar year limitation described in this subsection (6)(c) by an amount equal to the dollar amount for the previous calendar year multiplied by the change in the consumer price index as of the close of the twelve-month period ending December 31st of that previous calendar year. If the new dollar amount established under this subsection is not a multiple of ten dollars, the increase shall be rounded to the next lowest multiple of ten dollars. As used in this subsection, "consumer price index" means the consumer price index compiled by the bureau of labor statistics, United States department of labor for the state of Washington. If the bureau of labor statistics develops more than one consumer price index for areas within the state, the index covering the greatest number of people, covering areas exclusively within the boundaries of the state, and including all items shall be used.

(d) The exceptions provided in this subsection (6) do not apply to:

(i) A sale or lease by the municipality as the seller or lessor (~~the exceptions provided in this subsection (6) also do not apply to~~);

(ii) The letting of any contract by a county with a population of one hundred twenty-five thousand or more, a city with a population of ten thousand or more, or an irrigation district encompassing more than fifty thousand acres; or

(iii) Contracts for legal services, except for reimbursement of expenditures.

(e) The municipality shall maintain a list of all contracts that are awarded under this subsection (6). The list must be made available for public inspection and copying;

(7) The leasing by a port district as lessor of port district property to a municipal officer or to a contracting party in which a municipal officer may be beneficially interested, if in addition to all other legal requirements, a board of three disinterested appraisers and the superior court in the county where the property is situated finds that all terms and conditions of such lease are fair to the port district and are in the public interest. The appraisers must be appointed from members of the American Institute of Real Estate Appraisers by the presiding judge of the superior court;

(8) The letting of any employment contract for the driving of a school bus in a second class school district if the terms of such contract are commensurate with the pay plan or collective bargaining agreement operating in the district;

(9) The letting of an employment contract as a substitute teacher or substitute educational aide to an officer of a second class school district that has two hundred or fewer full-time equivalent students, if the terms of the contract are commensurate with the pay plan or collective bargaining agreement operating in the district and the board of directors has found, consistent with the written policy under RCW 28A.330.240, that there is a shortage of substitute teachers in the school district;

(10) The letting of any employment contract to the spouse of an officer of a school district, when such contract is solely for employment as a substitute teacher for the school district. This exception applies only if the terms of the contract are commensurate with the pay plan or collective bargaining agreement applicable to all district employees and the board of directors has found, consistent with the written policy under RCW 28A.330.240, that there is a shortage of substitute teachers in the school district;

(11) The letting of any employment contract to the spouse of an officer of a school district if the spouse was under contract as a certificated or classified employee with the school district before the date in which the officer assumes office and the terms of the contract are commensurate with the pay plan or collective bargaining agreement operating in the district. However, in a second class school district that has less than two hundred full-time equivalent students enrolled at the start of the school year as defined in RCW 28A.150.040, the spouse is not required to be under contract as a certificated or classified employee before the date on which the officer assumes office;

(12) The authorization, approval, or ratification of any employment contract with the spouse of a public hospital district commissioner if: (a) The spouse was employed by the public hospital district before the date the commissioner was initially elected; (b) the terms of the contract are commensurate with the pay plan or collective bargaining agreement operating in the district for similar employees; (c) the interest of the commissioner is disclosed to the board of commissioners and noted in the official minutes or similar records of the public hospital district prior to the letting or continuation of the contract; and (d) the commissioner does not vote on the authorization, approval, or ratification of the contract or any conditions in the contract.

A municipal officer may not vote in the authorization, approval, or ratification of a contract in which he or she is beneficially interested even though one of the exemptions allowing the awarding of such a contract applies. The interest of the municipal officer must be disclosed to the governing body of the municipality and noted in the official minutes or similar records of the municipality before the formation of the contract."

The President declared the question before the Senate to be the adoption of the committee striking amendment by the

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Committee on Government Operations & Elections to Substitute House Bill No. 1255.

The motion by Senator Fairley carried and the committee striking amendment was adopted by voice vote.

MOTION

There being no objection, the following title amendment was adopted:

On page 1, line 2 of the title, after "contracts;" strike the remainder of the title and insert "and amending RCW 42.23.030."

MOTION

On motion of Senator Fairley, the rules were suspended, Substitute House Bill No. 1255 as amended by the Senate was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senator Fairley spoke in favor of passage of the bill.

The President declared the question before the Senate to be the final passage of Substitute House Bill No. 1255 as amended by the Senate.

ROLL CALL

The Secretary called the roll on the final passage of Substitute House Bill No. 1255 as amended by the Senate and the bill passed the Senate by the following vote: Yeas, 48; Nays, 0; Absent, 1; Excused, 0.

Voting yea: Senators Benton, Berkey, Brandland, Brown, Carrell, Clements, Delvin, Eide, Fairley, Franklin, Fraser, Hatfield, Haugen, Hewitt, Hobbs, Holmquist, Honeyford, Jacobsen, Kastama, Kauffman, Keiser, Kilmer, Kline, Kohl-Welles, Marr, McAuliffe, McCaslin, Morton, Murray, Oemig, Parlette, Pflug, Poulsen, Prentice, Pridemore, Rasmussen, Regala, Roach, Rockefeller, Schoesler, Sheldon, Shin, Spanel, Stevens, Swecker, Tom, Weinstein and Zarelli - 48

Absent: Senator Hargrove - 1

SUBSTITUTE HOUSE BILL NO. 1255 as amended by the Senate, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

SECOND READING

HOUSE BILL NO. 1038, by Representatives Morris, Hudgins, Anderson, Moeller and B. Sullivan

Developing regional compacts for siting electric transmission lines.

The measure was read the second time.

MOTION

Senator Poulsen moved that the following committee striking amendment by the Committee on Water, Energy & Telecommunications be adopted.

Strike everything after the enacting clause and insert the following:

"NEW SECTION. Sec. 1. It is the intent of the legislature to create a regional process for the siting of new electric transmission lines related to the national energy policy act of 2005. This regional process will facilitate the siting of new cross borders electric transmission lines by providing a "one stop" licensing process. This act calls for the creation of a legislative task force to establish an interstate compact to assert jurisdiction over national interest electric transmission corridors.

NEW SECTION. Sec. 2. A new section is added to chapter 80.50 RCW to read as follows:

(1)(a) A legislative task force on national interest electric transmission corridors is established, with members as provided in this subsection.

(i) The chair and the ranking minority member from the senate water, energy and telecommunications committee or their designees;

(ii) The chair and the ranking minority member from the house of representatives technology, energy and communications committee or their designees;

(iii) The governor shall appoint five members representing the energy facility site evaluation council, local governments, resource agencies, or other persons with appropriate expertise.

(b) The task force shall choose its cochairs representing the senate and house of representatives from among its legislative membership.

(2)(a) The task force shall negotiate the terms of an interstate compact that establishes a regional process for siting national interest electric transmission corridors satisfactory to the national energy policy act of 2005.

(b) In negotiating the terms of the compact, the task force shall ensure that the compact reflects as close as possible the Washington state energy facility site evaluation council model under this chapter and its procedures to ensure appropriate adjudicative proceedings and mitigation of environmental impacts.

(c) The task force shall negotiate the terms of the compact through processes established and supported by the Pacific Northwest economic region for which the state of Washington is a party as referenced in RCW 43.147.010.

(3) Staff support for the task force members shall be provided from respective committees and appropriate agencies appointed by the governor.

(4) Legislative members of the task force shall 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 task force shall report its preliminary recommendations on the compact to the appropriate committees of the legislature by January 1, 2008.

(6) The task force shall report its final recommendations on the compact to the appropriate committees of the legislature by September 1, 2008.

(7) This section expires July 1, 2009."

The President declared the question before the Senate to be the adoption of the committee striking amendment by the Committee on Water, Energy & Telecommunications to House Bill No. 1038.

The motion by Senator Poulsen carried and the committee striking amendment was adopted by voice vote.

MOTION

There being no objection, the following title amendment was adopted:

On page 1, line 2 of the title, after "lines;" strike the remainder of the title and insert "adding a new section to chapter 80.50 RCW; creating a new section; and providing an expiration date."

MOTION

On motion of Senator Poulsen, the rules were suspended, House Bill No. 1038 as amended by the Senate was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senator Poulsen and Honeyford spoke in favor of passage of the bill.

The President declared the question before the Senate to be the final passage of House Bill No. 1038 as amended by the Senate.

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ROLL CALL

The Secretary called the roll on the final passage of House Bill No. 1038 as amended by the Senate and the bill passed the Senate by the following vote: Yeas, 48; Nays, 1; Absent, 0; Excused, 0.

Voting yea: Senators Benton, Berkey, Brandland, Brown, Carrell, Clements, Delvin, Eide, Fairley, Franklin, Fraser, Hargrove, Hatfield, Haugen, Hewitt, Hobbs, Holmquist, Honeyford, Jacobsen, Kastama, Kauffman, Keiser, Kilmer, Kline, Kohl-Welles, Marr, McAuliffe, McCaslin, Morton, Murray, Oemig, Parlette, Pflug, Poulsen, Prentice, Rasmussen, Regala, Roach, Rockefeller, Schoesler, Sheldon, Shin, Spanel, Stevens, Swecker, Tom, Weinstein and Zarelli - 48

Voting nay: Senator Pridemore - 1

HOUSE BILL NO. 1038 as amended by the Senate, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

SECOND READING

SUBSTITUTE HOUSE BILL NO. 1264, by House Committee on Appropriations (originally sponsored by Representatives Fromhold, Conway, B. Sullivan, Kenney, Ericks, Haigh, Ormsby, Simpson and Moeller)

Addressing the portability of public retirement benefits.

The measure was read the second time.

MOTION

On motion of Senator Prentice, the rules were suspended, Substitute House Bill No. 1264 was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senator Prentice spoke in favor of passage of the bill.

The President declared the question before the Senate to be the final passage of Substitute House Bill No. 1264.

ROLL CALL

The Secretary called the roll on the final passage of Substitute House Bill No. 1264 and the bill passed the Senate by the following vote: Yeas, 49; Nays, 0; Absent, 0; Excused, 0.

Voting yea: Senators Benton, Berkey, Brandland, Brown, Carrell, Clements, Delvin, Eide, Fairley, Franklin, Fraser, Hargrove, Hatfield, Haugen, Hewitt, Hobbs, Holmquist, Honeyford, Jacobsen, Kastama, Kauffman, Keiser, Kilmer, Kline, Kohl-Welles, Marr, McAuliffe, McCaslin, Morton, Murray, Oemig, Parlette, Pflug, Poulsen, Prentice, Pridemore, Rasmussen, Regala, Roach, Rockefeller, Schoesler, Sheldon, Shin, Spanel, Stevens, Swecker, Tom, Weinstein and Zarelli - 49

SUBSTITUTE HOUSE BILL NO. 1264, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

SECOND READING

HOUSE BILL NO. 1644, by Representatives Kenney, Sells, Anderson, Appleton, Morrell, Linville, Roberts, Ormsby, McDermott, Conway, Schual-Berke and Haigh

Modifying health care eligibility provisions for part-time academic employees of community and technical colleges.

The measure was read the second time.

MOTION

Senator Shin moved that the following committee striking amendment by the Committee on Higher Education be adopted.

Strike everything after the enacting clause and insert the following:

"Sec. 1. 2006 c 308 s 1 (uncodified) is amended to read as follows:

Part-time academic employees at community and technical colleges are currently eligible for full health care benefits beginning the second consecutive quarter of employment, at half-time or more of an academic workload, as defined in RCW 28B.50.489. They are also eligible for health benefits through the summer even if they receive no work at all that quarter, if they have worked half-time or more of an academic workload in each of the three ((of the four)) preceding quarters. However, workload fluctuations below these thresholds may result in the loss of employer contributions for health care benefits. It is the intent of the legislature to provide for continuous health care eligibility for part-time academic employees based on averaging workload gained during the two preceding academic years.

Sec. 2. RCW 41.05.053 and 2006 c 308 s 2 are each amended to read as follows:

(1) Part-time academic employees, as defined in RCW 28B.50.489, who have established eligibility as determined from the payroll records of the employing community or technical college districts, for employer contributions for benefits under this chapter and who have worked an average of half-time or more in each of the two preceding academic years, through employment at one or more community or technical college districts, are eligible for continuation of employer contributions for the subsequent summer quarter period including the break between summer and fall quarters.

(2) Once a part-time academic employee meets the criteria in subsection (1) of this section, the employee shall continue to receive uninterrupted employer contributions for benefits if the employee works at least ((three of the four)) two quarters of the academic year with an average academic workload of half-time or more for three quarters of the academic year. Benefits provided under this section cease ((at the end of the academic year)) if this criteria is not met. Continuous benefits shall be reinstated once the employee reestablishes eligibility under subsection (1) of this section ((and will be maintained as long as the employee works at least three of the four quarters of the academic year with an average academic workload of half-time or more)).

(3) As used in this section, "academic year" means summer, fall, winter, and spring quarters.

(4) This section does not modify rules in existence on June 7, 2006, adopted under this chapter regarding the initial establishment of eligibility for benefits.

(5) This section does not preclude individuals from being eligible for benefits under other laws or rules that may apply or for which they may be eligible.

(6) The employer must notify part-time academic employees of their potential right to benefits under this section.

(7) To be eligible for maintenance of benefits through averaging, part-time academic employees must notify their employers of their potential eligibility. The state board for community and technical colleges shall report back to the legislature by November 15, 2009, on the feasibility of eliminating the self-reporting requirement for employees."

The President declared the question before the Senate to be the adoption of the committee striking amendment by the Committee on Higher Education to House Bill No. 1644.

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The motion by Senator Shin carried and the committee striking amendment was adopted by voice vote.

MOTION

There being no objection, the following title amendment was adopted:

On page 1, line 2 of the title, after "colleges;" strike the remainder of the title and insert "amending RCW 41.05.053; and amending 2006 c 308 s 1 (uncodified)."

MOTION

On motion of Senator Shin, the rules were suspended, House Bill No. 1644 as amended by the Senate was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senator Shin spoke in favor of passage of the bill.

MOTION

On motion of Senator Regala, Senator McAuliffe was excused.

MOTION

On motion of Senator Brandland, Senator Holmquist was excused.

The President declared the question before the Senate to be the final passage of House Bill No. 1644 as amended by the Senate.

ROLL CALL

The Secretary called the roll on the final passage of House Bill No. 1644 as amended by the Senate and the bill passed the Senate by the following vote: Yeas, 47; Nays, 0; Absent, 0; Excused, 2.

Voting yea: Senators Benton, Berkey, Brandland, Brown, Carrell, Clements, Delvin, Eide, Fairley, Franklin, Fraser, Hargrove, Hatfield, Haugen, Hewitt, Hobbs, Honeyford, Jacobsen, Kastama, Kauffman, Keiser, Kilmer, Kline, Kohl-Welles, Marr, McCaslin, Morton, Murray, Oemig, Parlette, Pflug, Poulsen, Prentice, Pridemore, Rasmussen, Regala, Roach, Rockefeller, Schoesler, Sheldon, Shin, Spanel, Stevens, Swecker, Tom, Weinstein and Zarelli - 47

Excused: Senators Holmquist and McAuliffe - 2

HOUSE BILL NO. 1644 as amended by the Senate, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

SECOND READING

SUBSTITUTE HOUSE BILL NO. 1312, by House Committee on Transportation (originally sponsored by Representatives Hudgins and Hankins)

Modifying provisions concerning transportation providers.

The measure was read the second time.

MOTION

On motion of Senator Murray, the rules were suspended, Substitute House Bill No. 1312 was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senator Murray spoke in favor of passage of the bill.

The President declared the question before the Senate to be the final passage of Substitute House Bill No. 1312.

ROLL CALL

The Secretary called the roll on the final passage of Substitute House Bill No. 1312 and the bill passed the Senate by the following vote: Yeas, 47; Nays, 0; Absent, 0; Excused, 2.

Voting yea: Senators Benton, Berkey, Brandland, Brown, Carrell, Clements, Delvin, Eide, Fairley, Franklin, Fraser, Hargrove, Hatfield, Haugen, Hewitt, Hobbs, Honeyford, Jacobsen, Kastama, Kauffman, Keiser, Kilmer, Kline, Kohl-Welles, Marr, McCaslin, Morton, Murray, Oemig, Parlette, Pflug, Poulsen, Prentice, Pridemore, Rasmussen, Regala, Roach, Rockefeller, Schoesler, Sheldon, Shin, Spanel, Stevens, Swecker, Tom, Weinstein and Zarelli - 47

Excused: Senators Holmquist and McAuliffe - 2

SUBSTITUTE HOUSE BILL NO. 1312, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

SECOND READING

SUBSTITUTE HOUSE BILL NO. 1141, by House Committee on Human Services (originally sponsored by Representatives Roberts, Haler, O'Brien, Green, Goodman, Kagi, Appleton, Walsh, Williams, Dickerson, Darneille, Flannigan, McCoy, Hinkle, Pettigrew and Hasegawa)

Modifying diversion records provisions.

The measure was read the second time.

MOTION

Senator Regala moved that the following committee striking amendment by the Committee on Human Services & Corrections be adopted.

Strike everything after the enacting clause and insert the following:

"Sec. 1. RCW 13.50.050 and 2004 c 42 s 1 are each amended to read as follows:

(1) This section governs records relating to the commission of juvenile offenses, including records relating to diversions.

(2) The official juvenile court file of any alleged or proven juvenile offender shall be open to public inspection, unless sealed pursuant to subsection (12) of this section.

(3) All records other than the official juvenile court file are confidential and may be released only as provided in this section, RCW 13.50.010, 13.40.215, and 4.24.550.

(4) Except as otherwise provided in this section and RCW 13.50.010, records retained or produced by any juvenile justice or care agency may be released to other participants in the juvenile justice or care system only when an investigation or case involving the juvenile in question is being pursued by the other participant or when that other participant is assigned the responsibility for supervising the juvenile.

(5) Except as provided in RCW 4.24.550, information not in an official juvenile court file concerning a juvenile or a juvenile's family may be released to the public only when that information could not reasonably be expected to identify the juvenile or the juvenile's family.

(6) Notwithstanding any other provision of this chapter, the release, to the juvenile or his or her attorney, of law enforcement and prosecuting attorneys' records pertaining to investigation, diversion, and prosecution of juvenile offenses shall be governed by the rules of discovery and other rules of law applicable in adult criminal investigations and prosecutions.

(7) Upon the decision to arrest or the arrest, law enforcement and prosecuting attorneys may cooperate with schools in releasing information to a school pertaining to the

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investigation, diversion, and prosecution of a juvenile attending the school. Upon the decision to arrest or the arrest, incident reports may be released unless releasing the records would jeopardize the investigation or prosecution or endanger witnesses. If release of incident reports would jeopardize the investigation or prosecution or endanger witnesses, law enforcement and prosecuting attorneys may release information to the maximum extent possible to assist schools in protecting other students, staff, and school property.

(8) The juvenile court and the prosecutor may set up and maintain a central record-keeping system which may receive information on all alleged juvenile offenders against whom a complaint has been filed pursuant to RCW 13.40.070 whether or not their cases are currently pending before the court. The central record-keeping system may be computerized. If a complaint has been referred to a diversion unit, the diversion unit shall promptly report to the juvenile court or the prosecuting attorney when the juvenile has agreed to diversion. An offense shall not be reported as criminal history in any central record-keeping system without notification by the diversion unit of the date on which the offender agreed to diversion.

(9) Upon request of the victim of a crime or the victim's immediate family, the identity of an alleged or proven juvenile offender alleged or found to have committed a crime against the victim and the identity of the alleged or proven juvenile offender's parent, guardian, or custodian and the circumstance of the alleged or proven crime shall be released to the victim of the crime or the victim's immediate family.

(10) Subject to the rules of discovery applicable in adult criminal prosecutions, the juvenile offense records of an adult criminal defendant or witness in an adult criminal proceeding shall be released upon request to prosecution and defense counsel after a charge has actually been filed. The juvenile offense records of any adult convicted of a crime and placed under the supervision of the adult corrections system shall be released upon request to the adult corrections system.

(11) In any case in which an information has been filed pursuant to RCW 13.40.100 or a complaint has been filed with the prosecutor and referred for diversion pursuant to RCW 13.40.070, the person the subject of the information or complaint may file a motion with the court to have the court vacate its order and findings, if any, and, subject to subsection (23) of this section, order the sealing of the official juvenile court file, the social file, and records of the court and of any other agency in the case.

(12) The court shall not grant any motion to seal records made pursuant to subsection (11) of this section that is filed on or after July 1, 1997, unless it finds that:

(a) For class B offenses other than sex offenses, since the last date of release from confinement, including full-time residential treatment, if any, or entry of disposition, the person has spent five consecutive years in the community without committing any offense or crime that subsequently results in conviction. For class C offenses other than sex offenses, since the last date of release from confinement, including full-time residential treatment, if any, or entry of disposition, the person has spent two consecutive years in the community without committing any offense or crime that subsequently results in conviction. For gross misdemeanors and misdemeanors, since the last date of release from confinement, including full-time residential treatment, if any, or entry of disposition, the person has spent two consecutive years in the community without committing any offense or crime that subsequently results in conviction. For diversions, since completion of the diversion agreement, the person has spent two consecutive years in the community without committing any offense or crime that subsequently results in conviction or diversion;

(b) No proceeding is pending against the moving party seeking the conviction of a juvenile offense or a criminal offense;

(c) No proceeding is pending seeking the formation of a diversion agreement with that person;

(d) The person has not been convicted of a class A or sex offense; and

(e) Full restitution has been paid.

(13) The person making a motion pursuant to subsection (11) of this section shall give reasonable notice of the motion to the prosecution and to any person or agency whose files are sought to be sealed.

(14) If the court grants the motion to seal made pursuant to subsection (11) of this section, it shall, subject to subsection (23) of this section, order sealed the official juvenile court file, the social file, and other records relating to the case as are named in the order. Thereafter, the proceedings in the case shall be treated as if they never occurred, and the subject of the records may reply accordingly to any inquiry about the events, records of which are sealed. Any agency shall reply to any inquiry concerning confidential or sealed records that records are confidential, and no information can be given about the existence or nonexistence of records concerning an individual.

(15) Inspection of the files and records included in the order to seal may thereafter be permitted only by order of the court upon motion made by the person who is the subject of the information or complaint, except as otherwise provided in RCW 13.50.010(8) and subsection (23) of this section.

(16) Any adjudication of a juvenile offense or a crime subsequent to sealing has the effect of nullifying the sealing order. Any charging of an adult felony subsequent to the sealing has the effect of nullifying the sealing order for the purposes of chapter 9.94A RCW. The administrative office of the courts shall ensure that the superior court judicial information system provides prosecutors access to information on the existence of sealed juvenile records.

~~(17)(a) ((A person eighteen years of age or older whose criminal history consists of only one referral for diversion may request that the court order the records in that case destroyed. The request shall be granted, subject to subsection (23) of this section, if the court finds that two years have elapsed since completion of the diversion agreement.)) (i) Subject to subsection (23) of this section, all records maintained by any court or law enforcement agency, including the juvenile court, local law enforcement, the Washington state patrol, and the prosecutor's office, shall be automatically destroyed within ninety days of becoming eligible for destruction. Juvenile records are eligible for destruction when:~~

~~(A) The person who is the subject of the information or complaint is at least eighteen years of age;~~

~~(B) His or her criminal history consists entirely of one diversion agreement or counsel and release entered on or after the effective date of this act;~~

~~(C) Two years have elapsed since completion of the agreement or counsel and release;~~

~~(D) No proceeding is pending against the person seeking the conviction of a criminal offense; and~~

~~(E) There is no restitution owing in the case.~~

~~(ii) No less than quarterly, the administrative office of the courts shall provide a report to the juvenile courts of those individuals whose records may be eligible for destruction. The juvenile court shall verify eligibility and notify the Washington state patrol and the appropriate local law enforcement agency and prosecutor's office of the records to be destroyed. The requirement to destroy records under this subsection is not dependent on a court hearing or the issuance of a court order to destroy records.~~

~~(iii) The state and local governments and their officers and employees are not liable for civil damages for the failure to destroy records pursuant to this section.~~

~~(b) A person eighteen years of age or older whose criminal history consists entirely of one diversion agreement or counsel and release entered prior to the effective date of this act, may request that the court order the records in his or her case destroyed. The request shall be granted, subject to subsection (23) of this section, if the court finds that two years have elapsed since completion of the agreement or counsel and release.~~

~~(c) A person twenty-three years of age or older whose criminal history consists of only referrals for diversion may request that the court order the records in those cases destroyed. The request shall be granted, subject to subsection (23) of this section, if the court finds that all diversion agreements have~~

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been successfully completed and no proceeding is pending against the person seeking the conviction of a criminal offense.

(18) If the court grants the motion to destroy records made pursuant to subsection (17)(b) or (c) of this section, it shall, subject to subsection (23) of this section, order the official juvenile court file, the social file, and any other records named in the order to be destroyed.

(19) The person making the motion pursuant to subsection (17)(b) or (c) of this section shall give reasonable notice of the motion to the prosecuting attorney and to any agency whose records are sought to be destroyed.

(20) Any juvenile to whom the provisions of this section may apply shall be given written notice of his or her rights under this section at the time of his or her disposition hearing or during the diversion process.

(21) Nothing in this section may be construed to prevent a crime victim or a member of the victim's family from divulging the identity of the alleged or proven juvenile offender or his or her family when necessary in a civil proceeding.

(22) Any juvenile justice or care agency may, subject to the limitations in subsection (23) of this section and (a) and (b) of this subsection, develop procedures for the routine destruction of records relating to juvenile offenses and diversions.

(a) Records may be routinely destroyed only when the person the subject of the information or complaint has attained twenty-three years of age or older (~~or is eighteen years of age or older and his or her criminal history consists entirely of one diversion agreement and two years have passed since completion of the agreement~~) or pursuant to subsection (17)(a) of this section.

(b) The court may not routinely destroy the official juvenile court file or recordings or transcripts of any proceedings.

(23) No identifying information held by the Washington state patrol in accordance with chapter 43.43 RCW is subject to destruction or sealing under this section. For the purposes of this subsection, identifying information includes photographs, fingerprints, palmprints, soleprints, toeprints and any other data that identifies a person by physical characteristics, name, birthdate or address, but does not include information regarding criminal activity, arrest, charging, diversion, conviction or other information about a person's treatment by the criminal justice system or about the person's behavior.

(24) Information identifying child victims under age eighteen who are victims of sexual assaults by juvenile offenders is confidential and not subject to release to the press or public without the permission of the child victim or the child's legal guardian. Identifying information includes the child victim's name, addresses, location, photographs, and in cases in which the child victim is a relative of the alleged perpetrator, identification of the relationship between the child and the alleged perpetrator. Information identifying a child victim of sexual assault may be released to law enforcement, prosecutors, judges, defense attorneys, or private or governmental agencies that provide services to the child victim of sexual assault."

MOTION

Senator Prentice moved that the following amendment by Senator Prentice to the committee striking amendment be adopted.

On page 7, after line 4 of the committee amendment, insert "NEW SECTION: Sec. 2. If specific funding for the purposes of this act, referencing this act by bill or chapter number, is not provided by June 30, 2007, in the omnibus appropriations act, this act is null and void.

Senator Prentice spoke in favor of adoption of the amendment to the committee striking amendment.

The President declared the question before the Senate to be the adoption of the amendment by Senator Prentice on page 7, after line 4 to the committee striking amendment to Substitute House Bill No. 1141.

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The motion by Senator Prentice carried and the amendment to the committee striking amendment was adopted by voice vote.

The President declared the question before the Senate to be the adoption of the committee striking amendment by the Committee on Human Services & Corrections as amended to Substitute House Bill No. 1141.

The motion by Senator Regala carried and the committee striking amendment as amended was adopted by voice vote.

MOTION

There being no objection, the following title amendment was adopted:

On page 1, line 1 of the title, after "records;" strike the remainder of the title and insert "and amending RCW 13.50.050."

MOTION

On motion of Senator Regala, the rules were suspended, Substitute House Bill No. 1141 as amended by the Senate was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senator Regala spoke in favor of passage of the bill.

Senator Delvin spoke on final passage of the bill.

The President declared the question before the Senate to be the final passage of Substitute House Bill No. 1141 as amended by the Senate.

ROLL CALL

The Secretary called the roll on the final passage of Substitute House Bill No. 1141 as amended by the Senate and the bill passed the Senate by the following vote: Yeas, 47; Nays, 0; Absent, 0; Excused, 2.

Voting yea: Senators Benton, Berkey, Brandland, Brown, Carrell, Clements, Delvin, Eide, Fairley, Franklin, Fraser, Hargrove, Hatfield, Haugen, Hewitt, Hobbs, Honeyford, Jacobsen, Kastama, Kauffman, Keiser, Kilmer, Kline, Kohl-Welles, Marr, McCaslin, Morton, Murray, Oemig, Parlette, Pflug, Poulsen, Prentice, Pridemore, Rasmussen, Regala, Roach, Rockefeller, Schoesler, Sheldon, Shin, Spanel, Stevens, Swecker, Tom, Weinstein and Zarelli - 47

Excused: Senators Holmquist and McAuliffe - 2

SUBSTITUTE HOUSE BILL NO. 1141 as amended by the Senate, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

RULING BY THE PRESIDENT

President Owen: "In ruling upon the point of inquiry raised by Senator Honeyford that Engrossed Second Substitute House Bill 1359 takes a two-thirds vote on final passage under statutes enacted by Initiative 601 because it increases revenue, the President finds and rules as follows:

The President finds that determining whether a revenue measure takes a simple majority or a 2/3 vote is one of the most difficult rulings to make. In part, this is because the initiative was poorly written, and it does not clearly set forth definitions as to various categories of revenue. Therefore, the President must look to several sources of authority when making rulings, starting with the plain language of the law itself, court rulings if pertinent, and previous parliamentary rulings of this body.

The President believes that, although the law does allow for revenue increases, it is meant to limit these increases, and he has therefore endeavored to rule very narrowly in determining when a new revenue source is a fee, needing only a simple majority

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vote, rather than a tax needing a 2/3 vote to pass. In previous rulings, the President has maintained that there needs to be a relationship, or nexus, between the source of the revenue and the purposes for which its proceeds may be used. The President acknowledges that this determination can be somewhat subjective and difficult to determine absolutely. The situation is complicated further by the need of the body to tie together complicated matters of policy with the complexities of budgeting, all while trying to work within the constraints of this initiative and the constantly evolving body of case law and parliamentary authority. With this in mind, the President suggests that there is a need for the Legislature to put into law certain definitions as to taxes and fees for the purpose of raising revenue.

In the case before us, the President takes note of a similar ruling in 2001 where an increase in recording fees for real estate documents was used to fund a specific program on low-income housing. The President must note again, at this point, that just calling something a specific program but using the revenue for a very broad purpose would be improperly gaming the law, and the President, as he has in the past, would rule such an action as being, in fact, a tax which would need a 2/3 vote for passage.

The bill before us raises revenue through an increase in the recording fees on real estate documents to fund a program to provide housing for the homeless. This is a classic example of walking the fine line between a fee and a tax, and a specific versus a broad purpose. The President is concerned that the entirety of the bill's language could allow the revenue raised to be used for multiple purposes, such as providing many very worthy yet additional services that may not be directly related to housing. Because this is all new law, it is unclear precisely how, in practice, all of the proceeds will ultimately be used. Nonetheless, the President believes that he must rely on past precedent and defer to stated intent rather than speculation. The President therefore finds, in keeping with a past ruling on this same subject, that the revenue source is sufficiently limited so as to be considered a fee for a dedicated purpose.

For these reasons, the measure will take only a simple majority for final passage, 25 votes."

The Senate resumed consideration of Engrossed Second Substitute House Bill No. 1359 which had been deferred on the previous day.

Senators Weinstein, Tom spoke in favor of passage of the bill.

Senators Honeyford, Zarelli spoke against passage of the bill.

The President declared the question before the Senate to be the final passage of Engrossed Second Substitute House Bill No. 1359 as amended by the Senate.

ROLL CALL

The Secretary called the roll on the final passage of Engrossed Second Substitute House Bill No. 1359 as amended by the Senate and the bill passed the Senate by the following vote: Yeas, 32; Nays, 16; Absent, 1; Excused, 0.

Voting yea: Senators Benton, Berkey, Brown, Eide, Fairley, Franklin, Fraser, Hargrove, Hatfield, Hobbs, Jacobsen, Kastama, Kauffman, Keiser, Kilmer, Kline, Kohl-Welles, Marr, McAuliffe, Murray, Oemig, Pflug, Poulsen, Prentice, Pridemore, Rasmussen, Regala, Rockefeller, Shin, Spanel, Tom and Weinstein - 32

Voting nay: Senators Brandland, Carrell, Clements, Delvin, Hewitt, Holmquist, Honeyford, McCaslin, Morton, Parlette, Roach, Schoesler, Sheldon, Stevens, Swecker and Zarelli - 16

Absent: Senator Haugen - 1

ENGROSSED SECOND SUBSTITUTE HOUSE BILL NO. 1359 as amended by the Senate, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

SECOND READING

SECOND SUBSTITUTE HOUSE BILL NO. 1488, by House Committee on Finance (originally sponsored by Representatives B. Sullivan, Upthegrove, Appleton, Dunshee, Hunt, Dickerson, VanDeWege, Campbell, Kessler, Eickmeyer, McCoy, Chase, Green, Sells, Kenney, Ericks, Roberts, Lantz, Goodman, Wood, Kagi, Moeller and Rolfes)

Enhancing the state's oil spill response program.

The measure was read the second time.

MOTION

Senator Spanel moved that the following striking amendment by Senators Spanel, Poulsen and Swecker be adopted:

Strike everything after the enacting clause and insert the following:

"NEW SECTION. Sec. 1. (1) The legislature finds that the state's oil spill prevention and response programs perform essential services in protecting the environment and natural resource economy of Washington. Due to increased demand for services, the legislature finds that these programs have been expanded several times in the twenty years since the funding mechanisms for these programs were authorized, but the funding mechanisms for these programs have remained unchanged. Without additional funding, these programs face a structural funding deficit beginning in the 2007-2009 biennium. The legislature further finds that the current source of funding for these programs is derived from only one segment of activities that present oil spill risks in the state, and that there is a need for a comprehensive assessment of the sources of oil spill risks and potential funding mechanisms by which all sectors that are a source of oil spill risks may contribute to ensuring adequate funding for programs that prevent as well as prepare for and respond to oil spills.

(2) The legislature finds that the Strait of Juan de Fuca is a significant international avenue of waterborne commerce. Over five thousand transits by vessels greater than three hundred gross tons occur in the Strait each year. Reliable, safe vessel transits are vitally important to Washington state, the United States, and Canada. The legislature finds that comprehensive measures to prevent oil spills must be implemented in the Strait. The legislature further finds that stationing a response tug at the west entrance to the Strait is a critical component of such comprehensive measures, evidenced by the fact that the seasonal tug stationed at Neah Bay has conducted more than thirty assists since 1999. Because of the national significance of this waterway and the national interest in preventing oil spills there, the federal government should undertake to ensure that a year-round response tug is stationed at the west entrance to the Strait, either by providing sufficient federal funding for this purpose or to require through federal regulation that the commercial shipping interests benefiting from this service provide for a stationed tug. The legislature therefore directs the department of ecology to request that federal agencies with jurisdiction seek to require or fund the stationing of a response tug at such location, and seek reimbursement for the funding provided by the state for this purpose commencing with the fiscal year 2008 costs to the state.

NEW SECTION. Sec. 2. By September 1, 2008, the joint legislative audit and review committee shall examine the funding mechanism for the oil spill prevention and response programs. This study shall evaluate the state's oil spill prevention, preparedness, and response programs to compare the

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sources of oil spill risk with the funding mechanism. The study shall include:

(1) A review of existing oil spill risk evaluations and qualitative models, including:

(a) Evaluations or models for a risk evaluation framework, considering such factors as volume of oil, time at sea, proximity to water, organizational readiness, and damage done; and

(b) Evaluations or models for risk allocation, assessing how much of the risk goes with the product and how much with where and how the product is handled and who is handling it;

(2) A review of empirical data related to actual spill numbers, spill volumes, spill locations, and other circumstances related to individual spills;

(3) Comparisons of the risk allocation to the actual funding contributed by sector; and

(4) Options to allocate the state's costs to the major risk categories, by sector."

Senator Spanel spoke in favor of adoption of the striking amendment.

The President declared the question before the Senate to be the adoption of the striking amendment by Senators Spanel, Poulsen and Swecker to Second Substitute House Bill No. 1488.

The motion by Senator Spanel carried and the striking amendment was adopted by voice vote.

MOTION

There being no objection, the following title amendment was adopted:

On page 1, line 2 of the title, after "program," strike the remainder of the title and insert "and creating new sections."

MOTION

On motion of Senator Spanel, the rules were suspended, Second Substitute House Bill No. 1488 as amended by the Senate was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senators Spanel and Honeyford spoke in favor of passage of the bill.

MOTION

On motion of Senator Regala, Senators Haugen and Prentice were excused.

The President declared the question before the Senate to be the final passage of Second Substitute House Bill No. 1488 as amended by the Senate.

ROLL CALL

The Secretary called the roll on the final passage of Second Substitute House Bill No. 1488 as amended by the Senate and the bill passed the Senate by the following vote: Yeas, 49; Nays, 0; Absent, 0; Excused, 0.

Voting yea: Senators Benton, Berkey, Brandland, Brown, Carrell, Clements, Delvin, Eide, Fairley, Franklin, Fraser, Hargrove, Hatfield, Haugen, Hewitt, Hobbs, Holmquist, Honeyford, Jacobsen, Kastama, Kauffman, Keiser, Kilmer, Kline, Kohl-Welles, Marr, McAuliffe, McCaslin, Morton, Murray, Oemig, Parlette, Pflug, Poulsen, Prentice, Pridemore, Rasmussen, Regala, Roach, Rockefeller, Schoesler, Sheldon, Shin, Spanel, Stevens, Swecker, Tom, Weinstein and Zarelli - 49

SECOND SUBSTITUTE HOUSE BILL NO. 1488 as amended by the Senate, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

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SECOND READING

SUBSTITUTE HOUSE BILL NO. 1555, by House Committee on Judiciary (originally sponsored by Representatives Williams, Rodne, Lantz, Chase and Ericks)

Addressing sexual assault protection orders.

The measure was read the second time.

MOTION

On motion of Senator Kline, the rules were suspended, Substitute House Bill No. 1555 was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senator Kline spoke in favor of passage of the bill.

The President declared the question before the Senate to be the final passage of Substitute House Bill No. 1555.

ROLL CALL

The Secretary called the roll on the final passage of Substitute House Bill No. 1555 and the bill passed the Senate by the following vote: Yeas, 48; Nays, 0; Absent, 1; Excused, 0.

Voting yea: Senators Benton, Berkey, Brandland, Brown, Carrell, Clements, Delvin, Eide, Fairley, Franklin, Fraser, Hargrove, Hatfield, Haugen, Hewitt, Hobbs, Holmquist, Honeyford, Jacobsen, Kastama, Kauffman, Keiser, Kilmer, Kline, Kohl-Welles, Marr, McAuliffe, McCaslin, Morton, Murray, Oemig, Parlette, Pflug, Poulsen, Prentice, Rasmussen, Regala, Roach, Rockefeller, Schoesler, Sheldon, Shin, Spanel, Stevens, Swecker, Tom, Weinstein and Zarelli - 48

Absent: Senator Pridemore - 1

SUBSTITUTE HOUSE BILL NO. 1555, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

SECOND READING

HOUSE BILL NO. 1680, by Representatives Hunter, Haler, P. Sullivan, Priest, Hurst, Conway, Schual-Berke, Haigh and Simpson

Addressing transfers of service credit for emergency medical technicians under the law enforcement officers' and firefighters' retirement system plan 2.

The measure was read the second time.

MOTION

On motion of Senator Prentice, the rules were suspended, House Bill No. 1680 was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senator Prentice spoke in favor of passage of the bill.

The President declared the question before the Senate to be the final passage of House Bill No. 1680.

ROLL CALL

The Secretary called the roll on the final passage of House Bill No. 1680 and the bill passed the Senate by the following vote: Yeas, 49; Nays, 0; Absent, 0; Excused, 0.

Voting yea: Senators Benton, Berkey, Brandland, Brown, Carrell, Clements, Delvin, Eide, Fairley, Franklin, Fraser, Hargrove, Hatfield, Haugen, Hewitt, Hobbs, Holmquist, Honeyford, Jacobsen, Kastama, Kauffman, Keiser, Kilmer,

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Kline, Kohl-Welles, Marr, McAuliffe, McCaslin, Morton, Murray, Oemig, Parlette, Pflug, Poulsen, Prentice, Pridemore, Rasmussen, Regala, Roach, Rockefeller, Schoesler, Sheldon, Shin, Spanel, Stevens, Swecker, Tom, Weinstein and Zarelli - 49

HOUSE BILL NO. 1680, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

SECOND READING

SUBSTITUTE HOUSE BILL NO. 1679, by House Committee on Appropriations (originally sponsored by Representatives Ericks, Hinkle, Conway, Buri, McDonald, Hurst, Haigh and Simpson)

Determining membership on the law enforcement officers' and firefighters' retirement system plan 2 board.

The measure was read the second time.

MOTION

Senator Prentice moved that the following committee striking amendment by the Committee on Ways & Means be adopted.

Strike everything after the enacting clause and insert the following:

"**Sec. 1.** RCW 41.26.715 and 2003 c 2 s 4 are each amended to read as follows:

(1) An eleven member board of trustees is hereby created.

(a) Before January 1, 2007, three of the board members shall be active law enforcement officers who are participants in the plan. Beginning with the first vacancy on or after January 1, 2007, two board members shall be active law enforcement officers who are participants in the plan and one board member shall be either an active or a retired law enforcement officer who is a ((member)) participant of the plan. The law enforcement officer board members shall be appointed by the governor from a list provided by a recognized statewide council whose membership consists exclusively of guilds, associations, and unions representing state and local government police officers, deputies, and sheriffs and excludes federal law enforcement officers.

(b) Before January 1, 2007, three of the board members shall be active firefighters who are participants in the plan. Beginning with the first vacancy on or after January 1, 2007, two board members shall be active firefighters who are participants in the plan and one board member shall be either an active or a retired firefighter who is a ((member)) participant of the plan. The firefighter board members shall be appointed by the governor from a list provided by a recognized statewide council, affiliated with an international association representing the interests of firefighters.

(c) Three of the board members shall be representatives of employers and shall be appointed by the governor.

(d) One board member shall be a member of the house of representatives who is appointed by the governor based on the recommendation of the speaker of the house of representatives.

(e) One board member shall be a member of the senate who is appointed by the governor based on the recommendation of the majority leader of the senate.

(f) After January 1, 2008, at least one board member must be a retired participant of the law enforcement officers' and firefighters' retirement system plan 2. This member may be appointed under (a) through (e) of this subsection.

(2) The initial law enforcement officer and firefighter board members shall serve terms of six, four, and two years, respectively. Thereafter, law enforcement officer and firefighter board members serve terms of six years. ((The remaining board

~~members serve terms of four years.)) The initial employer representative board members shall serve terms of four, five, and six years, respectively. Thereafter, employer representative board members serve terms of four years. The initial legislative board members shall serve terms of five years and six months. Thereafter, legislative board members serve terms of two years, which begin on January 1st of odd-numbered years. Board members may be reappointed to succeeding terms without limitation. Board members shall serve until their successors are appointed and seated.~~

(3) In the event of a vacancy on the board, the vacancy shall be filled in the same manner as prescribed for an initial appointment.

NEW SECTION. Sec. 2. A new section is added to chapter 41.26 RCW to read as follows:

The legislative board members appointed under RCW 41.26.715 must include one member from the two largest political parties. The speaker of the house of representatives shall request a recommendation from the minority leader of the house of representatives if a member from the opposite party must be recommended for appointment. The majority leader of the senate shall request a recommendation from the minority leader of the senate if a member from the opposite party must be recommended for appointment."

The President declared the question before the Senate to be the adoption of the committee striking amendment by the Committee on Ways & Means to Substitute House Bill No. 1679.

The motion by Senator Prentice carried and the committee striking amendment was adopted by voice vote.

MOTION

There being no objection, the following title amendment was adopted:

On page 1, line 2 of the title, after "board;" strike the remainder of the title and insert "amending RCW 41.26.715; and adding a new section to chapter 41.26 RCW."

MOTION

On motion of Senator Prentice, the rules were suspended, Substitute House Bill No. 1679 as amended by the Senate was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senator Prentice spoke in favor of passage of the bill.

MOTION

On motion of Senator Regala, Senator Kline was excused.

The President declared the question before the Senate to be the final passage of Substitute House Bill No. 1679 as amended by the Senate.

ROLL CALL

The Secretary called the roll on the final passage of Substitute House Bill No. 1679 as amended by the Senate and the bill passed the Senate by the following vote: Yeas, 47; Nays, 0; Absent, 1; Excused, 1.

Voting yea: Senators Benton, Berkey, Brandland, Brown, Carrell, Clements, Delvin, Eide, Fairley, Franklin, Fraser, Hargrove, Hatfield, Haugen, Hobbs, Holmquist, Honeyford, Jacobsen, Kastama, Kauffman, Keiser, Kilmer, Kohl-Welles, Marr, McAuliffe, McCaslin, Morton, Murray, Oemig, Parlette, Pflug, Poulsen, Prentice, Pridemore, Rasmussen, Regala, Roach, Rockefeller, Schoesler, Sheldon, Shin, Spanel, Stevens, Swecker, Tom, Weinstein and Zarelli - 47

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Absent: Senator Hewitt - 1

Excused: Senator Kline - 1

SUBSTITUTE HOUSE BILL NO. 1679 as amended by the Senate, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

SECOND READING

SUBSTITUTE HOUSE BILL NO. 1897, by House Committee on State Government & Tribal Affairs (originally sponsored by Representatives Williams and Hunt)

Expressing the legislature's intent that public disclosure requirements do not allow attorney invoices to be exempt in their entirety.

The measure was read the second time.

MOTION

On motion of Senator Fraser, the rules were suspended, Substitute House Bill No. 1897 was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senator Fraser spoke in favor of passage of the bill.

The President declared the question before the Senate to be the final passage of Substitute House Bill No. 1897.

ROLL CALL

The Secretary called the roll on the final passage of Substitute House Bill No. 1897 and the bill passed the Senate by the following vote: Yeas, 44; Nays, 4; Absent, 0; Excused, 1.

Voting yea: Senators Berkey, Brandland, Brown, Clements, Eide, Fairley, Franklin, Fraser, Hargrove, Hatfield, Haugen, Hewitt, Hobbs, Holmquist, Honeyford, Jacobsen, Kastama, Kauffman, Keiser, Kilmer, Kohl-Welles, Marr, McAuliffe, Morton, Murray, Oemig, Parlette, Pflug, Poulsen, Prentice, Pridemore, Rasmussen, Regala, Roach, Rockefeller, Schoesler, Sheldon, Shin, Spanel, Stevens, Swecker, Tom, Weinstein and Zarelli - 44

Voting nay: Senators Benton, Carrell, Delvin and McCaslin - 4

Excused: Senator Kline - 1

SUBSTITUTE HOUSE BILL NO. 1897, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

SECOND READING

SUBSTITUTE HOUSE BILL NO. 1037, by House Committee on Technology, Energy & Communications (originally sponsored by Representatives Morris, Hudgins, Moeller and B. Sullivan)

Regarding electrical transmission.

The measure was read the second time.

MOTION

Senator Poulsen moved that the following committee striking amendment by the Committee on Water, Energy & Telecommunications be not adopted.

Strike everything after the enacting clause and insert the following:

"Sec. 1. RCW 80.50.020 and 2006 c 205 s 1 and 2006 c 196 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) "Applicant" means any person who makes application for a site certification pursuant to the provisions of this chapter.

(2) "Application" means any request for approval of a particular site or sites filed in accordance with the procedures established pursuant to this chapter, unless the context otherwise requires.

(3) "Person" means an individual, partnership, joint venture, private or public corporation, association, firm, public service company, political subdivision, municipal corporation, government agency, public utility district, or any other entity, public or private, however organized.

(4) "Site" means any proposed or approved location of an energy facility, alternative energy resource, or electrical transmission facility.

(5) "Certification" means a binding agreement between an applicant and the state which shall embody compliance to the siting guidelines, in effect as of the date of certification, which have been adopted pursuant to RCW 80.50.040 as now or hereafter amended as conditions to be met prior to or concurrent with the construction or operation of any energy facility.

(6) "Associated facilities" means storage, transmission, handling, or other related and supporting facilities connecting an energy plant with the existing energy supply, processing, or distribution system, including, but not limited to, communications, controls, mobilizing or maintenance equipment, instrumentation, and other types of ancillary transmission equipment, off-line storage or venting required for efficient operation or safety of the transmission system and overhead, and surface or subsurface lines of physical access for the inspection, maintenance, and safe operations of the transmission facility and new transmission lines constructed to operate at nominal voltages (~~(in excess)~~) of at least 115,000 volts to connect a thermal power plant or alternative energy facilities to the northwest power grid. However, common carrier railroads or motor vehicles shall not be included.

(7) "Transmission facility" means any of the following together with their associated facilities:

(a) Crude or refined petroleum or liquid petroleum product transmission pipeline of the following dimensions: A pipeline larger than six inches minimum inside diameter between valves for the transmission of these products with a total length of at least fifteen miles;

(b) Natural gas, synthetic fuel gas, or liquefied petroleum gas transmission pipeline of the following dimensions: A pipeline larger than fourteen inches minimum inside diameter between valves, for the transmission of these products, with a total length of at least fifteen miles for the purpose of delivering gas to a distribution facility, except an interstate natural gas pipeline regulated by the United States federal power commission(~~(t)~~).

~~((t))~~ (8) "Electrical transmission facilities" (~~(in excess of)~~) means electrical power lines and related equipment, including substations, operating at a nominal voltage of at least 115,000 volts ((in national interest electric transmission corridors as designated by the United States secretary of the department of energy or the federal energy regulatory commission pursuant to section 1221 of the national energy policy act, and such rules and regulations as the secretary or the federal energy regulatory commission adopts to implement the act)).

~~((t))~~ (9) "Independent consultants" means those persons who have no financial interest in the applicant's proposals and who are retained by the council to evaluate the applicant's proposals, supporting studies, or to conduct additional studies.

~~((t))~~ (10) "Thermal power plant" means, for the purpose of certification, any electrical generating facility using any fuel, including nuclear materials, for distribution of electricity by electric utilities.

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~~((10))~~ (11) "Energy facility" means an energy plant or transmission facilities: PROVIDED, That the following are excluded from the provisions of this chapter:

(a) Facilities for the extraction, conversion, transmission or storage of water, other than water specifically consumed or discharged by energy production or conversion for energy purposes; and

(b) Facilities operated by and for the armed services for military purposes or by other federal authority for the national defense.

~~((11))~~ (12) "Council" means the energy facility site evaluation council created by RCW 80.50.030.

~~((12))~~ (13) "Counsel for the environment" means an assistant attorney general or a special assistant attorney general who shall represent the public in accordance with RCW 80.50.080.

~~((13))~~ (14) "Construction" means on-site improvements, excluding exploratory work, which cost in excess of two hundred fifty thousand dollars.

~~((14))~~ (15) "Energy plant" means the following facilities together with their associated facilities:

(a) Any stationary thermal power plant with generating capacity of three hundred fifty thousand kilowatts or more, measured using maximum continuous electric generating capacity, less minimum auxiliary load, at average ambient temperature and pressure, and floating thermal power plants of one hundred thousand kilowatts or more, including associated facilities. For the purposes of this subsection, "floating thermal power plants" means a thermal power plant that is suspended on the surface of water by means of a barge, vessel, or other floating platform;

(b) Facilities which will have the capacity to receive liquefied natural gas in the equivalent of more than one hundred million standard cubic feet of natural gas per day, which has been transported over marine waters;

(c) Facilities which will have the capacity to receive more than an average of fifty thousand barrels per day of crude or refined petroleum or liquefied petroleum gas which has been or will be transported over marine waters, except that the provisions of this chapter shall not apply to storage facilities unless occasioned by such new facility construction;

(d) Any underground reservoir for receipt and storage of natural gas as defined in RCW 80.40.010 capable of delivering an average of more than one hundred million standard cubic feet of natural gas per day; and

(e) Facilities capable of processing more than twenty-five thousand barrels per day of petroleum into refined products.

~~((15))~~ (16) "Land use plan" means a comprehensive plan or land use element thereof adopted by a unit of local government pursuant to chapter 35.63, 35A.63, 36.70, or 36.70A RCW, or as otherwise designated by this act.

~~((16))~~ (17) "Zoning ordinance" means an ordinance of a unit of local government regulating the use of land and adopted pursuant to chapter 35.63, 35A.63, 36.70, or 36.70A RCW or Article XI of the state Constitution, or as otherwise designated by this act.

~~((17))~~ (18) "Alternative energy resource" means: (a) Wind; (b) solar energy; (c) geothermal energy; (d) landfill gas; (e) wave or tidal action; or (f) biomass energy based on solid organic fuels from wood, forest, or field residues, or dedicated energy crops that do not include wood pieces that have been treated with chemical preservatives such as creosote, pentachlorophenol, or copper-chrome-arsenic.

~~((18))~~ (19) "Secretary" means the secretary of the United States department of energy.

(20) "Preapplication process" means the process which is initiated by written correspondence from the applicant to the council, and includes the process adopted by the council for consulting with the applicant and with cities, towns, and

counties prior to accepting applications for all transmission facilities.

(21) "Preapplicant" means the applicant intending to apply for a site certificate agreement for an electrical transmission facility specified in subsection (8) of this section.

Sec. 2. RCW 80.50.060 and 2006 c 196 s 4 are each amended to read as follows:

(1) The provisions of this chapter ~~(shall)~~ apply to the construction of energy facilities which includes the new construction of energy facilities and the reconstruction or enlargement of existing energy facilities where the net increase in physical capacity or dimensions resulting from such reconstruction or enlargement meets or exceeds those capacities or dimensions set forth in RCW 80.50.020 (7) and ~~((14))~~ (15). No construction of such energy facilities may be undertaken, except as otherwise provided in this chapter, after July 15, 1977, without first obtaining certification in the manner provided in this chapter.

(2) The provisions of this chapter apply to the construction, reconstruction, or enlargement of a new or existing energy facility that exclusively uses alternative energy resources and chooses to receive certification under this chapter, regardless of the generating capacity of the project.

(3) ~~(a)~~ The provisions of this chapter apply to the construction ~~(of new)~~, reconstruction, or modification of electrical transmission facilities ~~(or the modification of existing electrical transmission facilities in a national interest electric transmission corridor designated by the secretary)~~;

(i) In a national interest electric transmission corridor as specified in RCW 80.50.045;

(ii) In transmission corridors as designated by a city, town, or county as part of its land use plans and zoning maps based on policies adopted in the plans and as designated by the council pursuant to section 3 of this act, if an applicant proposing to construct, reconstruct, or modify the electrical transmission facilities chooses to receive certification under this chapter; and

(iii) In transmission corridors identified in the process described in section 3 of this act.

(b) The provisions of this chapter shall not apply in instances where an applicant proposes to construct, reconstruct, or modify electrical transmission facilities in a transmission corridor wholly within a city or town's boundary provided, however, that a city or town within one hundred twenty days from the date of application will accept or decline jurisdiction and if jurisdiction is declined refer the applicant to the council for certification under this chapter.

(c) For the purposes of this subsection, "modify" means a significant change to an electrical transmission facility and does not include the following: (i) Minor improvements such as the replacement of existing transmission line facilities or supporting structures with equivalent facilities or structures; (ii) the relocation of existing electrical transmission line facilities; (iii) the conversion of existing overhead lines to underground; or (iv) the placing of new or additional conductors, supporting structures, insulators, or their accessories on or replacement of supporting structures already built.

(4) The provisions of this chapter shall not apply to normal maintenance and repairs which do not increase the capacity or dimensions beyond those set forth in RCW 80.50.020 (7) and ~~((14))~~ (15).

(5) Applications for certification of energy facilities made prior to July 15, 1977 shall continue to be governed by the applicable provisions of law in effect on the day immediately preceding July 15, 1977 with the exceptions of RCW 80.50.190 and 80.50.071 which shall apply to such prior applications and to site certifications prospectively from July 15, 1977.

(6) Applications for certification shall be upon forms prescribed by the council and shall be supported by such information and technical studies as the council may require.

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NEW SECTION. Sec. 3. A new section is added to chapter 80.50 RCW to read as follows:

(1) For applications to site electrical transmission facilities, the council shall conduct a preapplication process pursuant to rules adopted by the council to govern such process, receive applications as prescribed in RCW 80.50.071, and conduct a public meeting pursuant to RCW 80.50.090(1).

(2) The council shall consider and may recommend certification of electrical transmission facilities in corridors designated for this purpose by affected cities, towns, or counties:

(a) Where the jurisdictions have identified electrical transmission facility corridors as part of their land use plans and zoning maps based on policies adopted in their plans;

(b) Where the proposed electrical transmission facility is consistent with any adopted development regulations that govern the siting of electrical transmission facilities in such corridors; and

(c) Where contiguous jurisdictions and jurisdictions in which related regional electrical transmission facilities are located have either prior to or during the preapplication process undertaken good faith efforts to coordinate the locations of their corridors consistent with RCW 36.70A.100.

(3) In the absence of a corridor designation in the manner prescribed in subsection (2) of this section, the council shall as part of the preapplication process require the preapplicant to negotiate, as provided by rule adopted by the council, for a reasonable time with affected cities, towns, and counties to attempt to reach agreement about a site corridor plan. The application for certification shall identify the corridor agreed to by the applicant and cities, towns, and counties within the proposed corridor pursuant to the preapplication process.

(4) If no corridor plan is agreed to by the applicant and cities, towns, and counties pursuant to subsection (3) of this section, the applicant shall propose a recommended corridor and electrical transmission facilities to be included within the proposed corridor.

(5) The council shall consider the applicant's proposed corridor and electrical transmission facilities as provided in RCW 80.50.090 (2) and (4), and shall make a recommendation consistent with the relevant land use plans, zoning ordinances, or development regulations adopted by the cities, towns, and counties.

NEW SECTION. Sec. 4. A new section is added to chapter 80.50 RCW to read as follows:

(1) A preapplicant shall pay to the council a fee of ten thousand dollars to be applied to the cost of the preapplication process as a condition precedent to any action by the council, provided that costs in excess of this amount shall be paid only upon prior approval by the preapplicant, and provided further that any unexpended portions thereof shall be returned to the preapplicant.

(2) The council shall consult with the preapplicant and prepare a plan for the preapplication process which shall commence with an informational public hearing within sixty days after the receipt of the preapplication fee as provided in RCW 80.50.090.

(3) The preapplication plan shall include but need not be limited to:

(a) An initial consultation to explain the proposal and request input from council staff, federal and state agencies, cities, towns, counties, port districts, tribal governments, property owners, and interested individuals;

(b) Where applicable, a process to guide negotiations between the preapplicant and cities, towns, and counties within the corridor proposed pursuant to section 3 of this act."

On page 1, line 2 of the title, after "council;" strike the remainder of the title and insert "amending RCW 80.50.060; reenacting and amending RCW 80.50.020; and adding new sections to chapter 80.50 RCW."

The President declared the question before the Senate to be the motion by Senator Poulsen to not adopt the committee striking amendment by the Committee on Water, Energy & Telecommunications to Substitute House Bill No. 1037.

The motion by Senator Poulsen carried and the committee striking amendment was not adopted by voice vote.

MOTION

Senator Poulsen moved that the following striking amendment by Senators Poulsen and Delvin be adopted:

Strike everything after the enacting clause and insert the following:

"**Sec. 1.** RCW 80.50.020 and 2006 c 205 s 1 and 2006 c 196 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) "Applicant" means any person who makes application for a site certification pursuant to the provisions of this chapter.

(2) "Application" means any request for approval of a particular site or sites filed in accordance with the procedures established pursuant to this chapter, unless the context otherwise requires.

(3) "Person" means an individual, partnership, joint venture, private or public corporation, association, firm, public service company, political subdivision, municipal corporation, government agency, public utility district, or any other entity, public or private, however organized.

(4) "Site" means any proposed or approved location of an energy facility, alternative energy resource, or electrical transmission facility.

(5) "Certification" means a binding agreement between an applicant and the state which shall embody compliance to the siting guidelines, in effect as of the date of certification, which have been adopted pursuant to RCW 80.50.040 as now or hereafter amended as conditions to be met prior to or concurrent with the construction or operation of any energy facility.

(6) "Associated facilities" means storage, transmission, handling, or other related and supporting facilities connecting an energy plant with the existing energy supply, processing, or distribution system, including, but not limited to, communications, controls, mobilizing or maintenance equipment, instrumentation, and other types of ancillary transmission equipment, off-line storage or venting required for efficient operation or safety of the transmission system and overhead, and surface or subsurface lines of physical access for the inspection, maintenance, and safe operations of the transmission facility and new transmission lines constructed to operate at nominal voltages (~~in excess~~) of at least 115,000 volts to connect a thermal power plant or alternative energy facilities to the northwest power grid. However, common carrier railroads or motor vehicles shall not be included.

(7) "Transmission facility" means any of the following together with their associated facilities:

(a) Crude or refined petroleum or liquid petroleum product transmission pipeline of the following dimensions: A pipeline larger than six inches minimum inside diameter between valves for the transmission of these products with a total length of at least fifteen miles;

(b) Natural gas, synthetic fuel gas, or liquefied petroleum gas transmission pipeline of the following dimensions: A pipeline larger than fourteen inches minimum inside diameter between valves, for the transmission of these products, with a total length of at least fifteen miles for the purpose of delivering gas to a distribution facility, except an interstate natural gas pipeline regulated by the United States federal power commission~~(?)~~;

~~((=)) (8) "Electrical transmission facilities" ((in excess of 115,000 volts in national interest electric transmission corridors as designated by the United States secretary of the department of energy or the federal energy regulatory commission pursuant to section 1221 of the national energy policy act, and such rules and regulations as the secretary or the federal energy regulatory commission adopts to implement the act))~~ means electrical power lines and related equipment.

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~~((8))~~ (9) "Independent consultants" means those persons who have no financial interest in the applicant's proposals and who are retained by the council to evaluate the applicant's proposals, supporting studies, or to conduct additional studies.

~~((9))~~ (10) "Thermal power plant" means, for the purpose of certification, any electrical generating facility using any fuel, including nuclear materials, for distribution of electricity by electric utilities.

~~((10))~~ (11) "Energy facility" means an energy plant or transmission facilities: PROVIDED, That the following are excluded from the provisions of this chapter:

(a) Facilities for the extraction, conversion, transmission or storage of water, other than water specifically consumed or discharged by energy production or conversion for energy purposes; and

(b) Facilities operated by and for the armed services for military purposes or by other federal authority for the national defense.

~~((11))~~ (12) "Council" means the energy facility site evaluation council created by RCW 80.50.030.

~~((12))~~ (13) "Counsel for the environment" means an assistant attorney general or a special assistant attorney general who shall represent the public in accordance with RCW 80.50.080.

~~((13))~~ (14) "Construction" means on-site improvements, excluding exploratory work, which cost in excess of two hundred fifty thousand dollars.

~~((14))~~ (15) "Energy plant" means the following facilities together with their associated facilities:

(a) Any stationary thermal power plant with generating capacity of three hundred fifty thousand kilowatts or more, measured using maximum continuous electric generating capacity, less minimum auxiliary load, at average ambient temperature and pressure, and floating thermal power plants of one hundred thousand kilowatts or more, including associated facilities. For the purposes of this subsection, "floating thermal power plants" means a thermal power plant that is suspended on the surface of water by means of a barge, vessel, or other floating platform;

(b) Facilities which will have the capacity to receive liquefied natural gas in the equivalent of more than one hundred million standard cubic feet of natural gas per day, which has been transported over marine waters;

(c) Facilities which will have the capacity to receive more than an average of fifty thousand barrels per day of crude or refined petroleum or liquefied petroleum gas which has been or will be transported over marine waters, except that the provisions of this chapter shall not apply to storage facilities unless occasioned by such new facility construction;

(d) Any underground reservoir for receipt and storage of natural gas as defined in RCW 80.40.010 capable of delivering an average of more than one hundred million standard cubic feet of natural gas per day; and

(e) Facilities capable of processing more than twenty-five thousand barrels per day of petroleum into refined products.

~~((15))~~ (16) "Land use plan" means a comprehensive plan or land use element thereof adopted by a unit of local government pursuant to chapter 35.63, 35A.63, 36.70, or 36.70A RCW, or as otherwise designated by this act.

~~((16))~~ (17) "Zoning ordinance" means an ordinance of a unit of local government regulating the use of land and adopted pursuant to chapter 35.63, 35A.63, 36.70, or 36.70A RCW or Article XI of the state Constitution, or as otherwise designated by this act.

~~((17))~~ (18) "Alternative energy resource" means: (a) Wind; (b) solar energy; (c) geothermal energy; (d) landfill gas; (e) wave or tidal action; or (f) biomass energy based on solid organic fuels from wood, forest, or field residues, or dedicated energy crops that do not include wood pieces that have been treated with chemical preservatives such as creosote, pentachlorophenol, or copper-chrome-arsenic.

~~((18))~~ (19) "Secretary" means the secretary of the United States department of energy.

(20) "Preapplication process" means the process which is initiated by written correspondence from the preapplicant to the

council, and includes the process adopted by the council for consulting with the preapplicant and with cities, towns, and counties prior to accepting applications for all transmission facilities.

(21) "Preapplicant" means a person considering applying for a site certificate agreement for any transmission facility.

Sec. 2. RCW 80.50.060 and 2006 c 196 s 4 are each amended to read as follows:

(1) The provisions of this chapter ~~(shall)~~ apply to the construction of energy facilities which includes the new construction of energy facilities and the reconstruction or enlargement of existing energy facilities where the net increase in physical capacity or dimensions resulting from such reconstruction or enlargement meets or exceeds those capacities or dimensions set forth in RCW 80.50.020 (7) and ~~((14))~~ (15). No construction of such energy facilities may be undertaken, except as otherwise provided in this chapter, after July 15, 1977, without first obtaining certification in the manner provided in this chapter.

(2) The provisions of this chapter apply to the construction, reconstruction, or enlargement of a new or existing energy facility that exclusively uses alternative energy resources and chooses to receive certification under this chapter, regardless of the generating capacity of the project.

~~(3)~~ (a) The provisions of this chapter apply to the construction ~~(of new)~~, reconstruction, or modification of electrical transmission facilities ~~(or the modification of existing electrical transmission facilities in a national interest electric transmission corridor designated by the secretary)~~ when:

(i) The facilities are located in a national interest electric transmission corridor as specified in RCW 80.50.045;

(ii) An applicant chooses to receive certification under this chapter, and the facilities are: (A) Of a nominal voltage of at least one hundred fifteen thousand volts and are located in a completely new corridor, except for the terminus of the new facility or interconnection of the new facility with the existing grid, and the corridor is not otherwise used for electrical transmission facilities; and (B) located in more than one jurisdiction that has promulgated land use plans or zoning ordinances; or

(iii) An applicant chooses to receive certification under this chapter, and the facilities are: (A) Of a nominal voltage in excess of one hundred fifteen thousand volts; and (B) located outside an electrical transmission corridor identified in (a)(i) and (ii) of this subsection (3).

(b) For the purposes of this subsection, "modify" means a significant change to an electrical transmission facility and does not include the following: (i) Minor improvements such as the replacement of existing transmission line facilities or supporting structures with equivalent facilities or structures; (ii) the relocation of existing electrical transmission line facilities; (iii) the conversion of existing overhead lines to underground; or (iv) the placing of new or additional conductors, supporting structures, insulators, or their accessories on or replacement of supporting structures already built.

(4) The provisions of this chapter shall not apply to normal maintenance and repairs which do not increase the capacity or dimensions beyond those set forth in RCW 80.50.020 (7) and ~~((14))~~ (15).

(5) Applications for certification of energy facilities made prior to July 15, 1977 shall continue to be governed by the applicable provisions of law in effect on the day immediately preceding July 15, 1977 with the exceptions of RCW 80.50.190 and 80.50.071 which shall apply to such prior applications and to site certifications prospectively from July 15, 1977.

(6) Applications for certification shall be upon forms prescribed by the council and shall be supported by such information and technical studies as the council may require.

NEW SECTION. Sec. 3. A new section is added to chapter 80.50 RCW to read as follows:

(1) For applications to site electrical transmission facilities, the council shall conduct a preapplication process pursuant to rules adopted by the council to govern such process, receive applications as prescribed in RCW 80.50.071, and conduct public meetings pursuant to RCW 80.50.090.

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(2) The council shall consider and may recommend certification of electrical transmission facilities in corridors designated for this purpose by affected cities, towns, or counties:

(a) Where the jurisdictions have identified electrical transmission facility corridors as part of their land use plans and zoning maps based on policies adopted in their plans;

(b) Where the proposed electrical transmission facility is consistent with any adopted development regulations that govern the siting of electrical transmission facilities in such corridors; and

(c) Where contiguous jurisdictions and jurisdictions in which related regional electrical transmission facilities are located have either prior to or during the preapplication process undertaken good faith efforts to coordinate the locations of their corridors consistent with RCW 36.70A.100.

(3)(a) In the absence of a corridor designation in the manner prescribed in subsection (2) of this section, the council shall as part of the preapplication process require the preapplicant to negotiate, as provided by rule adopted by the council, for a reasonable time with affected cities, towns, and counties to attempt to reach agreement about a corridor plan. The application for certification shall identify only the corridor agreed to by the applicant and cities, towns, and counties within the proposed corridor pursuant to the preapplication process.

(b) If no corridor plan is agreed to by the applicant and cities, towns, and counties pursuant to (a) of this subsection, the applicant shall propose a recommended corridor and electrical transmission facilities to be included within the proposed corridor.

(c) The council shall consider the applicant's proposed corridor and electrical transmission facilities as provided in RCW 80.50.090 (2) and (4), and shall make a recommendation consistent with RCW 80.50.090 and 80.50.100.

NEW SECTION. Sec. 4. A new section is added to chapter 80.50 RCW to read as follows:

(1) A preapplicant shall pay to the council a fee of ten thousand dollars to be applied to the cost of the preapplication process as a condition precedent to any action by the council, provided that costs in excess of this amount shall be paid only upon prior approval by the preapplicant, and provided further that any unexpended portions thereof shall be returned to the preapplicant.

(2) The council shall consult with the preapplicant and prepare a plan for the preapplication process which shall commence with an informational public hearing within sixty days after the receipt of the preapplication fee as provided in RCW 80.50.090.

(3) The preapplication plan shall include but need not be limited to:

(a) An initial consultation to explain the proposal and request input from council staff, federal and state agencies, cities, towns, counties, port districts, tribal governments, property owners, and interested individuals;

(b) Where applicable, a process to guide negotiations between the preapplicant and cities, towns, and counties within the corridor proposed pursuant to section 3 of this act.

NEW SECTION. Sec. 5. 2006 c 196 s 2 (uncodified) is repealed."

Senators Poulsen and Delvin spoke in favor of adoption of the striking amendment.

The President declared the question before the Senate to be the adoption of the striking amendment by Senators Poulsen and Delvin to Substitute House Bill No. 1037.

The motion by Senator Poulsen carried and the striking amendment was adopted by voice vote.

MOTION

There being no objection, the following title amendment was adopted:

On page 1, line 2 of the title, after "council;" strike the remainder of the title and insert "amending RCW 80.50.060; reenacting and amending RCW 80.50.020; adding new sections

to chapter 80.50 RCW; and repealing 2006 c 196 s 2 (uncodified)."

MOTION

On motion of Senator Poulsen, the rules were suspended, Substitute House Bill No. 1037 as amended by the Senate was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senator Poulsen spoke in favor of passage of the bill.

The President declared the question before the Senate to be the final passage of Substitute House Bill No. 1037 as amended by the Senate.

ROLL CALL

The Secretary called the roll on the final passage of Substitute House Bill No. 1037 as amended by the Senate and the bill passed the Senate by the following vote: Yeas, 48; Nays, 0; Absent, 0; Excused, 1.

Voting yea: Senators Benton, Berkey, Brandland, Brown, Carrell, Clements, Delvin, Eide, Fairley, Franklin, Fraser, Hargrove, Hatfield, Haugen, Hewitt, Hobbs, Holmquist, Honeyford, Jacobsen, Kastama, Kauffman, Keiser, Kilmer, Kohl-Welles, Marr, McAuliffe, McCaslin, Morton, Murray, Oemig, Parlette, Pflug, Poulsen, Prentice, Pridemore, Rasmussen, Regala, Roach, Rockefeller, Schoesler, Sheldon, Shin, Spanel, Stevens, Swecker, Tom, Weinstein and Zarelli - 48

Excused: Senator Kline - 1

SUBSTITUTE HOUSE BILL NO. 1037 as amended by the Senate, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

MOTION

At 3:30 p.m., on motion of Senator Eide, the Senate was declared to be at ease subject to the call of the President.

The Senate was called to order at 4:33 p.m. by President Owen.

SECOND READING

SECOND SUBSTITUTE HOUSE BILL NO. 2220, by House Committee on Appropriations (originally sponsored by Representative Lantz)

Regarding shellfish. Revised for 2nd Substitute: Regarding shellfish aquaculture.

The measure was read the second time.

MOTION

Senator Jacobsen moved that the following committee striking amendment by the Committee on Natural Resources, Ocean & Recreation be adopted.

Strike everything after the enacting clause and insert the following:

"NEW SECTION. Sec. 1. A new section is added to chapter 28B.20 RCW to read as follows:

(1) The sea grant program at the University of Washington shall, consistent with this section, commission a series of scientific research studies that examines the possible effects, including the cumulative effects, of the current prevalent geoduck aquaculture techniques and practices on the natural environment in and around Puget Sound, including the Strait of Juan de Fuca. The sea grant program shall use funding provided from the geoduck aquaculture research account created in

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section 2 of this act to review existing literature, directly perform research identified as needed, or to enter into and manage contracts with scientific organizations or institutions to accomplish these results.

(2) Prior to entering into a contract with a scientific organization or institution, the sea grant program must:

(a) Analyze, through peer review, the credibility of the proposed party to the contract, including whether the party has credible experience and knowledge and has access to the facilities necessary to fully execute the research required by the contract; and

(b) Require that all proposed parties to a contract fully disclose any past, present, or planned future personal or professional connections with the shellfish industry or public interest groups.

(3) All research commissioned under this section must be subjected to a rigorous peer review process prior to being accepted and reported by the sea grant program.

(4) In prioritizing and directing research under this section, the sea grant program shall meet with the department of ecology at least annually and rely on guidance submitted by the department of ecology. The department of ecology shall convene the shellfish aquaculture regulatory committee created in section 4 of this act as necessary to serve as an oversight committee to formulate the guidance provided to the sea grant program. The objective of the oversight committee, and the resulting guidance provided to the sea grant program, is to ensure that the research required under this section satisfies the planning, permitting, and data management needs of the state, to assist in the prioritization of research given limited funding, and to help identify any research that is beneficial to complete other than what is listed in subsection (5) of this section.

(5) To satisfy the minimum requirements of subsection (1) of this section, the sea grant program shall review all scientific research that is existing or in progress that examines the possible effect of currently prevalent geoduck practices, on the natural environment, and prioritize and conduct new studies as needed, to measure and assess the following:

(a) The environmental effects of structures commonly used in the aquaculture industry to protect juvenile geoducks from predation;

(b) The environmental effects of commercial harvesting of geoducks from intertidal geoduck beds, focusing on current prevalent harvesting techniques, including a review of the recovery rates for benthic communities after harvest;

(c) The extent to which geoducks in standard aquaculture tracts alter the ecological characteristics of overlying waters while the tracts are submerged, including impacts on species diversity, and the abundance of other benthic organisms;

(d) Baseline information regarding naturally existing parasites and diseases in wild and cultured geoducks, including whether and to what extent commercial intertidal geoduck aquaculture practices impact the baseline;

(e) Genetic interactions between cultured and wild geoduck, including measurements of differences between cultured geoducks and wild geoducks in terms of genetics and reproductive status; and

(f) The impact of the use of sterile triploid geoducks and whether triploid animals diminish the genetic interactions between wild and cultured geoducks.

(6) If adequate funding is not made available for the completion of all research required under this section, the sea grant program shall consult with the shellfish aquaculture regulatory committee, via the department of ecology, to prioritize which of the enumerated research projects have the greatest cost/benefit ratio in terms of providing information important for regulatory decisions. The prioritization process may include the addition of any new studies that may be appropriate in addition to, or in place of, studies listed in this section.

(7) When appropriate, all research commissioned under this section must address localized and cumulative effects of geoduck aquaculture.

(8) The sea grant program and the University of Washington are prohibited from retaining greater than fifteen percent of any

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funding provided to implement this section for administrative overhead or other deductions not directly associated with conducting the research required by this section.

(9) Individual commissioned contracts under this section may address single or multiple components listed for study under this section.

(10) All research commissioned under this section must be completed and the results reported to the appropriate committees of the legislature by December 1, 2013. In addition, the sea grant program shall provide the appropriate committees of the legislature with annual reports updating the status and progress of the ongoing studies that are completed in advance of the 2013 deadline.

2. **NEW SECTION. Sec. 3.** A new section is added to chapter 28B.20 RCW to read as follows:

The geoduck aquaculture research account is created in the custody of the state treasurer. All receipts from any legislative appropriations, the industry, or any other private or public source directed to the account must be deposited in the account. Expenditures from the account may only be used by the sea grant program for the geoduck research projects identified by section 1 of this act. Only the president of the University of Washington or the president's designee may authorize expenditures from the account. The account is subject to the allotment procedures under chapter 43.88 RCW, but an appropriation is not required for expenditures.

Sec. 4. RCW 79.135.100 and 1984 c 221 s 10 are each amended to read as follows:

(1) If state-owned aquatic lands are used for aquaculture production or harvesting, rents and fees shall be established through competitive bidding or negotiation.

(2) The department is prohibited from offering leases that would permit the intertidal commercial aquaculture of geoducks on more than a total of twenty-three acres of state-owned aquatic lands until: (a) The department of ecology and the shellfish aquaculture regulatory committee have submitted a final report containing recommendations as required under section 4 of this act; and (b) the legislature has had at least one full legislative session to consider and act upon the recommendations. If the legislature does not take action limiting the department's authority to lease state-owned aquatic lands for geoduck aquaculture under (b) of this subsection, then the department may resume leasing property consistent with any applicable federal, state, and local guidelines or regulations.

(3) All rents and fees collected from leases of state-owned aquatic lands for purposes of geoduck aquaculture must be deposited into the geoduck aquaculture research account created under section 2 of this act.

(4) Any intertidal leases entered into by the department for geoduck aquaculture must be conditioned in such a way that: (a) The department can engage in monitoring of the environmental impacts of the lease's execution, without unreasonably diminishing the economic viability of the lease, and that the lease tracts are eligible to be made part of the studies conducted under section 1 of this act; and (b) any aquaculture equipment and materials used in the cultivation, protection, or harvest of geoducks be marked with the registration number of the aquatic farmer as required under RCW 77.115.040. The department must notify all abutting landowners of the intent of the department to lease the tidal and subtidal lands for the purposes of geoduck aquaculture. An intertidal lease entered into by the department for the purpose of geoduck aquaculture may not contain an automatic right of renewal.

NEW SECTION. Sec. 5. (1) The shellfish aquaculture regulatory committee is established to, consistent with this section, serve as an advisory body to the department of ecology on regulatory processes and approvals for all current and new shellfish aquaculture activities, and the activities conducted pursuant to RCW 90.58.060, as the activities relate to shellfish. The shellfish aquaculture regulatory committee is advisory in nature, and no vote or action of the committee may overrule existing statutes, regulations, or local ordinances.

(2) The shellfish aquaculture regulatory committee shall develop recommendations as to:

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(a) A regulatory system or permit process for all current and new shellfish aquaculture projects and activities that integrates all applicable existing local, state, and federal regulations and is efficient both for the regulators and the regulated; and

(b) Appropriate guidelines for geoduck aquaculture operations to be included in shoreline master programs under section 5 of this act.

(3)(a) The members of the shellfish aquaculture regulatory committee shall be appointed by the director of the department of ecology as follows:

(i) Two representatives of county government, one from a county located on the Puget Sound, and one from a county located on the Pacific Ocean;

(ii) Two individuals who are professionally engaged in the commercial aquaculture of shellfish, one who owns or operates an aquatic farm in Puget Sound, and one who owns or operates an aquatic farm in state waters other than the Puget Sound;

(iii) Two representatives of organizations representing the environmental community;

(iv) Two individuals who own shoreline property, one of which does not have a commercial geoduck operation on his or her property and one of which does have a commercial geoduck operation on his or her property; and

(v) One representative each from the following state agencies: The department of ecology, the department of fish and wildlife, the department of agriculture, and the department of natural resources.

(b) In addition to the other participants listed in this subsection, the governor shall invite the full participation of two tribal governments, at least one of which is located within the drainage of the Puget Sound.

(4) The department of ecology shall provide administrative and clerical assistance to the shellfish aquaculture regulatory committee and all agencies listed in subsection (3) of this section shall provide technical assistance.

(5) Nonagency members of the shellfish aquaculture regulatory committee will not be compensated, but are entitled to be reimbursed for travel expenses in accordance with RCW 43.03.050 and 43.03.060.

(6) Any participation by a Native American tribe on the shellfish aquaculture regulatory committee shall not, under any circumstances, be viewed as an admission by the tribe that any of its activities, or those of its members, are subject to any of the statutes, regulations, ordinances, standards, or permit systems reviewed, considered, or proposed by the committee.

(7) The shellfish aquaculture regulatory committee is authorized to form technical advisory panels as needed and appoint to them members not on the shellfish aquaculture regulatory committee.

(8) The department of ecology shall report the recommendations and findings of the shellfish aquaculture regulatory committee to the appropriate committees of the legislature by December 1, 2007, with a further report, if necessary, by December 1, 2008.

NEW SECTION. Sec. 6. (1) The department of ecology shall develop, by rule, guidelines for the appropriate siting and operation of geoduck aquaculture operations to be included in any master program under this section. The guidelines adopted under this section must be prepared with the advice of the shellfish aquaculture regulatory committee created in section 4 of this act, which shall serve as the advisory committee for the development of the guidelines. The guidelines must include abutting landowner notification of proposed tidal and subtidal aquaculture activities.

(2) The guidelines required under this section must be filed for public review and comment no later than six months after the delivery of the final report by the shellfish aquaculture regulatory committee created in section 4 of this act.

(3) The department of ecology shall update the guidelines required under this section, as necessary, after the completion of the geoduck research by the sea grant program at the University of Washington required under section 1 of this act.

Sec. 7. RCW 77.115.040 and 1993 sp.s. c 2 s 58 are each amended to read as follows:

(1) All aquatic farmers as defined in RCW 15.85.020 shall register with the department. The director shall develop and maintain a registration list of all aquaculture farms and assign each farm a registration number. The department shall periodically update the list to ensure accuracy. The department shall coordinate with the department of health using shellfish growing area certification data when updating the registration list.

(2) Registered aquaculture farms shall provide the department ((production statistical data)) with the following information: (a) The name of the aquatic farmer; (b) the address of the aquatic farmer; (c) contact information such as telephone, fax, web site, and email address, if available; (d) the number of acres under cultivation; (e) the name of the landowner of the property being cultivated or otherwise used in the aquatic farming operation; (f) the private sector cultured aquatic product being propagated, farmed, or cultivated; and (g) production statistical data. As a condition of registration, all aquatic farmers shall provide the department with proof of abutting landowner notification of geoduck farming activities.

(3) The department shall require a registered aquatic farmer who commercially farms and manages the cultivation of geoduck to mark any aquaculture equipment and materials used in the cultivation, protection, or harvest of geoducks with the registration number.

(4) The department must publish the contact information of a staff person responsible for managing the registration list who is available to answer questions from the public regarding aquatic farms that cultivate geoducks.

(5) The state veterinarian shall be provided with registration and statistical data by the department.

NEW SECTION. Sec. 8. If specific funding for the purposes of this act, referencing this act by bill or chapter number, is not provided by June 30, 2007, in the omnibus appropriations act, this act is null and void."

The President declared the question before the Senate to be the adoption of the committee striking amendment by the Committee on Natural Resources, Ocean & Recreation to Second Substitute House Bill No. 2220.

The motion by Senator Jacobsen carried and the committee striking amendment was adopted by voice vote.

MOTION

There being no objection, the following title amendment was adopted:

On page 1, line 1 of the title, after "shellfish;" strike the remainder of the title and insert "amending RCW 79.135.100 and 77.115.040; adding new sections to chapter 28B.20 RCW; and creating new sections."

MOTION

On motion of Senator Jacobsen, the rules were suspended, Second Substitute House Bill No. 2220 as amended by the Senate was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senator Jacobsen spoke in favor of passage of the bill.

Senator Swecker spoke against passage of the bill.

MOTION

On motion of Senator Regala, Senators Brown, Hargrove and Prentice were excused.

Senators Sheldon spoke against passage of the bill.

Senators Spanel, Fraser, Morton and Rockefeller spoke in favor of passage of the bill.

The President declared the question before the Senate to be the final passage of Second Substitute House Bill No. 2220 as amended by the Senate.

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ROLL CALL

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The Secretary called the roll on the final passage of Second Substitute House Bill No. 2220 as amended by the Senate and the bill passed the Senate by the following vote: Yeas, 37; Nays, 11; Absent, 0; Excused, 1.

Voting yea: Senators Benton, Berkey, Brown, Carrell, Delvin, Eide, Fairley, Franklin, Fraser, Haugen, Jacobsen, Kastama, Keiser, Kilmer, Kline, Kohl-Welles, Marr, McAuliffe, McCaslin, Morton, Murray, Oemig, Parlette, Pflug, Poulsen, Prentice, Pridemore, Rasmussen, Regala, Roach, Rockefeller, Shin, Spanel, Stevens, Tom, Weinstein and Zarelli - 37

Voting nay: Senators Brandland, Clements, Hatfield, Hewitt, Hobbs, Holmquist, Honeyford, Kauffman, Schoesler, Sheldon and Swecker - 11

Excused: Senator Hargrove - 1

SECOND SUBSTITUTE HOUSE BILL NO. 2220 as amended by the Senate, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

SIGNED BY THE PRESIDENT

The President signed:

SENATE BILL NO. 5123,
ENGROSSED SUBSTITUTE SENATE BILL NO. 5297,
SUBSTITUTE SENATE BILL NO. 5336,
SUBSTITUTE SENATE BILL NO. 5445,
SUBSTITUTE SENATE BILL NO. 5568,
SUBSTITUTE SENATE BILL NO. 5676,
SENATE BILL NO. 5773,
SUBSTITUTE SENATE BILL NO. 5972,
SUBSTITUTE SENATE BILL NO. 5984,
SENATE BILL NO. 6014,
SENATE JOINT RESOLUTION NO. 8212,

SECOND READING

ENGROSSED SECOND SUBSTITUTE HOUSE BILL NO. 1569, by House Committee on Appropriations (originally sponsored by Representatives Cody, Campbell, Morrell, Linville, Moeller, Green, Seaquist, Conway, Dickerson, Appleton, McIntire, McCoy, Kagi, Pedersen, Kenney, Lantz, Santos, Wood and Ormsby)

Reforming the health care system in Washington state.

The measure was read the second time.

MOTION

Senator Keiser moved that the following committee striking amendment by the Committee on Ways & Means be not adopted.

Strike everything after the enacting clause and insert the following:

"Sec. 1. RCW 70.47A.010 and 2006 c 255 s 1 are each amended to read as follows:

(1) The legislature finds that many small employers struggle with the cost of providing employer-sponsored health insurance coverage to their employees, while others are unable to offer employer-sponsored health insurance due to its high cost. Low-wage workers also struggle with the burden of paying their share of the costs of employer-sponsored health insurance, while others turn down their employer's offer of coverage due to its costs.

(2) The legislature intends, through establishment of a ~~((small employer))~~ health insurance partnership program, to remove economic barriers to health insurance coverage for low-wage employees of small employers by building on the private sector health benefit plan system and encouraging employer and

employee participation in employer-sponsored health benefit plan coverage.

Sec. 2. RCW 70.47A.020 and 2006 c 255 s 2 are each amended to read as follows:

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

(1) "Administrator" means the administrator of the Washington state health care authority, established under chapter 41.05 RCW.

(2) "Board" means the health insurance partnership board established in section 4 of this act.

~~((3))~~ (3) "Eligible ~~((employee))~~ partnership participant" means an individual who:

(a) Is a resident of the state of Washington;

(b) Has family income ~~((less than))~~ that does not exceed two hundred percent of the federal poverty level, as determined annually by the federal department of health and human services; and

(c) Is employed by a participating small employer or is a former employee of a participating small employer who chooses to continue receiving coverage through the partnership following separation from employment.

~~((3))~~ (4) "Health benefit plan" has the same meaning as defined in RCW 48.43.005 ~~((or any plan provided by a self-funded multiple employer welfare arrangement as defined in RCW 48.125.010 or by another benefit arrangement defined in the federal employee retirement income security act of 1974, as amended))~~.

~~((4))~~ (5) "Participating small employer" means a small employer that employs at least one eligible partnership participant and has entered into an agreement with the partnership for the partnership to offer and administer the small employer's group health benefit plan, as defined in federal law, Sec. 706 of ERISA (29 U.S.C. Sec. 1167), for enrollees in the plan.

(6) "Partnership" means the ~~((small employer))~~ health insurance partnership ~~((program))~~ established in RCW 70.47A.030.

~~((5))~~ (7) "Partnership participant" means an employee of a participating small employer, or a former employee of a participating small employer who chooses to continue receiving coverage through the partnership following separation from employment.

(8) "Small employer" has the same meaning as defined in RCW 48.43.005.

~~((6))~~ (9) "Subsidy" or "premium subsidy" means payment or reimbursement to an eligible ~~((employee))~~ partnership participant toward the purchase of a health benefit plan, and may include a net billing arrangement with insurance carriers or a prospective or retrospective payment for health benefit plan premiums.

Sec. 3. RCW 70.47A.030 and 2006 c 255 s 3 are each amended to read as follows:

(1) To the extent funding is appropriated in the operating budget for this purpose, the ~~((small employer))~~ health insurance partnership ~~((program))~~ is established. The administrator shall be responsible for the implementation and operation of the ~~((small employer))~~ health insurance partnership ~~((program))~~, directly or by contract. The administrator shall offer premium subsidies to eligible ~~((employees))~~ partnership participants under RCW 70.47A.040.

(2) Consistent with policies adopted by the board under section 4 of this act, the administrator shall, directly or by contract:

(a) Establish and administer procedures for enrolling small employers in the partnership, including publicizing the existence of the partnership and disseminating information on enrollment, and establishing rules related to minimum participation of employees in small groups purchasing health insurance through the partnership. Opportunities to publicize the program for outreach and education of small employers on the value of insurance shall explore the use of online employer guides. As a condition of participating in the partnership, a small employer must agree to establish a cafeteria plan under section 125 of the federal internal revenue code that will enable employees to use pretax dollars to pay their share of their health benefit plan

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premium. The partnership shall provide technical assistance to small employers for this purpose;

(b) Establish and administer procedures for health benefit plan enrollment by employees of small employers during open enrollment periods and outside of open enrollment periods upon the occurrence of any qualifying event specified in the federal health insurance portability and accountability act of 1996 or applicable state law. Neither the employer nor the partnership shall limit an employee's choice of coverage from among all the health benefit plans offered;

(c) Establish and manage a system for the partnership to be designated as the sponsor or administrator of a participating small employer health benefit plan and to undertake the obligations required of a plan administrator under federal law;

(d) Establish and manage a system of collecting and transmitting to the applicable carriers all premium payments or contributions made by or on behalf of partnership participants, including employer contributions, automatic payroll deductions for partnership participants, premium subsidy payments, and contributions from philanthropies;

(e) Establish and manage a system for determining eligibility for and making premium subsidy payments under this act;

(f) Establish a mechanism to apply a surcharge to all health benefit plans, which shall be used only to pay for administrative and operational expenses of the partnership. The surcharge must be applied uniformly to all health benefit plans offered through the partnership and must be included in the premium for each health benefit plan. Surcharges may not be used to pay any premium assistance payments under this chapter;

(g) Design a schedule of premium subsidies that is based upon gross family income, giving appropriate consideration to family size and the ages of all family members based on a benchmark health benefit plan designated by the board. The amount of an eligible partnership participant's premium subsidy shall be determined by applying a sliding scale subsidy schedule with the percentage of premium similar to that developed for subsidized basic health plan enrollees under RCW 70.47.060. The subsidy shall be applied to the employee's premium obligation for his or her health benefit plan, so that employees benefit financially from any employer contribution to the cost of their coverage through the partnership.

(3) The administrator may enter into interdepartmental agreements with the office of the insurance commissioner, the department of social and health services, and any other state agencies necessary to implement this chapter.

NEW SECTION. Sec. 4. A new section is added to chapter 70.47A RCW to read as follows:

(1) The health insurance partnership board is hereby established. The governor shall appoint a nine-member board composed as follows:

- (a) Two representatives of small employers;
- (b) Two representatives of employees of small employers, one of whom shall represent low-wage employees;
- (c) Four employee health plan benefits specialists; and
- (d) The administrator.

(2) The governor shall appoint the initial members of the board on staggered terms not to exceed four years. Initial appointments shall be made on or before June 1, 2007. Members appointed thereafter shall serve two-year terms. Members of the board shall be compensated in accordance with RCW 43.03.250 and shall be reimbursed for their travel expenses while on official business in accordance with RCW 43.03.050 and 43.03.060. The board shall prescribe rules for the conduct of its business. The administrator shall be the chair of the board. Meetings of the board shall be at the call of the chair.

(3) The board may establish technical advisory committees or seek the advice of technical experts when necessary to execute the powers and duties included in this section.

(4) The board and employees of the board shall not be civilly or criminally liable and shall not have any penalty or cause of action of any nature arise against them for any action taken or not taken, including any discretionary decision or failure to make a discretionary decision, when the action or inaction is done in good faith and in the performance of the

powers and duties under this chapter. Nothing in this section prohibits legal actions against the board to enforce the board's statutory or contractual duties or obligations.

NEW SECTION. Sec. 5. A new section is added to chapter 70.47A RCW to read as follows:

(1) The health insurance partnership board shall:

(a) Develop policies for enrollment of small employers in the partnership, including minimum participation rules for small employer groups. The small employer shall determine the criteria for eligibility and enrollment in his or her plan and the terms and amounts of the employer's contributions to that plan, consistent with any minimum employer premium contribution level established by the board under (d) of this subsection;

(b) Designate health benefit plans that are currently offered in the small group market that will qualify for premium subsidy payments. At least four health benefit plans shall be chosen, with multiple deductible and point-of-service cost-sharing options. The health benefit plans shall range from catastrophic to comprehensive coverage, and one health benefit plan shall be a high deductible health plan. Every effort shall be made to include health benefit plans that include components to maximize the quality of care provided and result in improved health outcomes, such as preventive care, wellness incentives, chronic care management services, and provider network development and payment policies related to quality of care;

(c) Approve a mid-range benefit plan from those selected to be used as a benchmark plan for calculating premium subsidies;

(d) Determine whether there should be a minimum employer premium contribution on behalf of employees, and if so, how much;

(e) Determine appropriate health benefit plan rating methodologies. The methodologies shall be based on the small group adjusted community rate as defined in Title 48 RCW. The board shall evaluate the impact of applying the small group community rating with the partnership principle of allowing each employee to choose their health benefit plan, and consider options to reduce uncertainty for carriers and provide for efficient risk management of high-cost enrollees through risk adjustment, reinsurance, or other mechanisms;

(f) Conduct analyses and provide recommendations as requested by the legislature and the governor, with the assistance of staff from the health care authority and the office of the insurance commissioner.

(2) The board may authorize one or more limited health care service plans for dental care services to be offered by limited health care service contractors under RCW 48.44.035. However, such plan shall not qualify for subsidy payments.

(3) In fulfilling the requirements of this section, the board shall consult with small employers, the office of the insurance commissioner, members in good standing of the American academy of actuaries, health carriers, agents and brokers, and employees of small business.

Sec. 6. RCW 70.47A.040 and 2006 c 255 s 4 are each amended to read as follows:

~~((1))~~ Beginning ~~(July 1, 2007)~~ September 1, 2008, the administrator shall accept applications from eligible ~~((employees)) partnership participants~~, on behalf of themselves, their spouses, and their dependent children, to receive premium subsidies through the ~~((small employer)) health insurance partnership ((program))~~.

~~((2)) Premium subsidy payments may be provided to eligible employees if:~~

- ~~—(a) The eligible employee is employed by a small employer;~~
- ~~—(b) The actuarial value of the health benefit plan offered by the small employer is at least equivalent to that of the basic health plan benefit offered under chapter 70.47 RCW. The office of the insurance commissioner under Title 48 RCW shall certify those small employer health benefit plans that are at least actuarially equivalent to the basic health plan benefit; and~~
- ~~—(c) The small employer will pay at least forty percent of the monthly premium cost for health benefit plan coverage of the eligible employee.~~

~~(3) The amount of an eligible employee's premium subsidy shall be determined by applying the sliding scale subsidy schedule developed for subsidized basic health plan enrollees~~

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under RCW 70.47.060 to the employee's premium obligation for his or her employer's health benefit plan:

~~(4) After an eligible individual has enrolled in the program, the program shall issue subsidies in an amount determined pursuant to subsection (3) of this section to either the eligible employee or to the carrier designated by the eligible employee.~~

~~(5) An eligible employee must agree to provide verification of continued enrollment in his or her small employer's health benefit plan on a semiannual basis or to notify the administrator whenever his or her enrollment status changes, whichever is earlier. Verification or notification may be made directly by the employee, or through his or her employer or the carrier providing the small employer health benefit plan. When necessary, the administrator has the authority to perform retrospective audits on premium subsidy accounts. The administrator may suspend or terminate an employee's participation in the program and seek repayment of any subsidy amounts paid due to the omission or misrepresentation of an applicant or enrolled employee. The administrator shall adopt rules to define the appropriate application of these sanctions and the processes to implement the sanctions provided in this subsection, within available resources.)~~

Sec. 7. RCW 48.21.045 and 2004 c 244 s 1 are each amended to read as follows:

(1)(a) An insurer offering any health benefit plan to a small employer, either directly or through an association or member-governed group formed specifically for the purpose of purchasing health care, may offer and actively market to the small employer a health benefit plan featuring a limited schedule of covered health care services. Nothing in this subsection shall preclude an insurer from offering, or a small employer from purchasing, other health benefit plans that may have more comprehensive benefits than those included in the product offered under this subsection. An insurer offering a health benefit plan under this subsection shall clearly disclose all covered benefits to the small employer in a brochure filed with the commissioner.

(b) A health benefit plan offered under this subsection shall provide coverage for hospital expenses and services rendered by a physician licensed under chapter 18.57 or 18.71 RCW but is not subject to the requirements of RCW 48.21.130, 48.21.140, 48.21.141, 48.21.142, 48.21.144, 48.21.146, 48.21.160 through 48.21.197, 48.21.200, 48.21.220, 48.21.225, 48.21.230, 48.21.235, 48.21.240, 48.21.244, 48.21.250, 48.21.300, 48.21.310, or 48.21.320.

(2) Nothing in this section shall prohibit an insurer from offering, or a purchaser from seeking, health benefit plans with benefits in excess of the health benefit plan offered under subsection (1) of this section. All forms, policies, and contracts shall be submitted for approval to the commissioner, and the rates of any plan offered under this section shall be reasonable in relation to the benefits thereto.

(3) Premium rates for health benefit plans for small employers as defined in this section shall be subject to the following provisions:

(a) The insurer shall develop its rates based on an adjusted community rate and may only vary the adjusted community rate for:

- (i) Geographic area;
- (ii) Family size;
- (iii) Age; and
- (iv) Wellness activities.

(b) The adjustment for age in (a)(iii) of this subsection may not use age brackets smaller than five-year increments, which shall begin with age twenty and end with age sixty-five. Employees under the age of twenty shall be treated as those age twenty.

(c) The insurer shall be permitted to develop separate rates for individuals age sixty-five or older for coverage for which medicare is the primary payer and coverage for which medicare is not the primary payer. Both rates shall be subject to the requirements of this subsection (3).

(d) The permitted rates for any age group shall be no more than four hundred twenty-five percent of the lowest rate for all age groups on January 1, 1996, four hundred percent on January

1, 1997, and three hundred seventy-five percent on January 1, 2000, and thereafter.

(e) A discount for wellness activities shall be permitted to reflect actuarially justified differences in utilization or cost attributed to such programs.

(f) The rate charged for a health benefit plan offered under this section may not be adjusted more frequently than annually except that the premium may be changed to reflect:

- (i) Changes to the enrollment of the small employer;
- (ii) Changes to the family composition of the employee;
- (iii) Changes to the health benefit plan requested by the small employer; or
- (iv) Changes in government requirements affecting the health benefit plan.

(g) Rating factors shall produce premiums for identical groups that differ only by the amounts attributable to plan design, with the exception of discounts for health improvement programs.

(h) For the purposes of this section, a health benefit plan that contains a restricted network provision shall not be considered similar coverage to a health benefit plan that does not contain such a provision, provided that the restrictions of benefits to network providers result in substantial differences in claims costs. A carrier may develop its rates based on claims costs due to network provider reimbursement schedules or type of network. This subsection does not restrict or enhance the portability of benefits as provided in RCW 48.43.015.

(i) Adjusted community rates established under this section shall pool the medical experience of all small groups purchasing coverage, including the small group participants in the health insurance partnership established in RCW 70.47A.030. However, annual rate adjustments for each small group health benefit plan may vary by up to plus or minus four percentage points from the overall adjustment of a carrier's entire small group pool, such overall adjustment to be approved by the commissioner, upon a showing by the carrier, certified by a member of the American academy of actuaries that: (i) The variation is a result of deductible leverage, benefit design, or provider network characteristics; and (ii) for a rate renewal period, the projected weighted average of all small group benefit plans will have a revenue neutral effect on the carrier's small group pool. Variations of greater than four percentage points are subject to review by the commissioner, and must be approved or denied within sixty days of submittal. A variation that is not denied within sixty days shall be deemed approved. The commissioner must provide to the carrier a detailed actuarial justification for any denial within thirty days of the denial.

(4) Nothing in this section shall restrict the right of employees to collectively bargain for insurance providing benefits in excess of those provided herein.

(5)(a) Except as provided in this subsection, requirements used by an insurer in determining whether to provide coverage to a small employer shall be applied uniformly among all small employers applying for coverage or receiving coverage from the carrier.

(b) An insurer shall not require a minimum participation level greater than:

- (i) One hundred percent of eligible employees working for groups with three or less employees; and
- (ii) Seventy-five percent of eligible employees working for groups with more than three employees.

(c) In applying minimum participation requirements with respect to a small employer, a small employer shall not consider employees or dependents who have similar existing coverage in determining whether the applicable percentage of participation is met.

(d) An insurer may not increase any requirement for minimum employee participation or modify any requirement for minimum employer contribution applicable to a small employer at any time after the small employer has been accepted for coverage.

(6) An insurer must offer coverage to all eligible employees of a small employer and their dependents. An insurer may not offer coverage to only certain individuals or dependents in a small employer group or to only part of the group. An insurer

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may not modify a health plan with respect to a small employer or any eligible employee or dependent, through riders, endorsements or otherwise, to restrict or exclude coverage or benefits for specific diseases, medical conditions, or services otherwise covered by the plan.

(7) As used in this section, "health benefit plan," "small employer," "adjusted community rate," and "wellness activities" mean the same as defined in RCW 48.43.005.

Sec. 8. RCW 48.44.023 and 2004 c 244 s 7 are each amended to read as follows:

(1)(a) A health care services contractor offering any health benefit plan to a small employer, either directly or through an association or member-governed group formed specifically for the purpose of purchasing health care, may offer and actively market to the small employer a health benefit plan featuring a limited schedule of covered health care services. Nothing in this subsection shall preclude a contractor from offering, or a small employer from purchasing, other health benefit plans that may have more comprehensive benefits than those included in the product offered under this subsection. A contractor offering a health benefit plan under this subsection shall clearly disclose all covered benefits to the small employer in a brochure filed with the commissioner.

(b) A health benefit plan offered under this subsection shall provide coverage for hospital expenses and services rendered by a physician licensed under chapter 18.57 or 18.71 RCW but is not subject to the requirements of RCW 48.44.225, 48.44.240, 48.44.245, 48.44.290, 48.44.300, 48.44.310, 48.44.320, 48.44.325, 48.44.330, 48.44.335, 48.44.340, 48.44.344, 48.44.360, 48.44.400, 48.44.440, 48.44.450, and 48.44.460.

(2) Nothing in this section shall prohibit a health care service contractor from offering, or a purchaser from seeking, health benefit plans with benefits in excess of the health benefit plan offered under subsection (1) of this section. All forms, policies, and contracts shall be submitted for approval to the commissioner, and the rates of any plan offered under this section shall be reasonable in relation to the benefits thereto.

(3) Premium rates for health benefit plans for small employers as defined in this section shall be subject to the following provisions:

(a) The contractor shall develop its rates based on an adjusted community rate and may only vary the adjusted community rate for:

- (i) Geographic area;
- (ii) Family size;
- (iii) Age; and
- (iv) Wellness activities.

(b) The adjustment for age in (a)(iii) of this subsection may not use age brackets smaller than five-year increments, which shall begin with age twenty and end with age sixty-five. Employees under the age of twenty shall be treated as those age twenty.

(c) The contractor shall be permitted to develop separate rates for individuals age sixty-five or older for coverage for which medicare is the primary payer and coverage for which medicare is not the primary payer. Both rates shall be subject to the requirements of this subsection (3).

(d) The permitted rates for any age group shall be no more than four hundred twenty-five percent of the lowest rate for all age groups on January 1, 1996, four hundred percent on January 1, 1997, and three hundred seventy-five percent on January 1, 2000, and thereafter.

(e) A discount for wellness activities shall be permitted to reflect actuarially justified differences in utilization or cost attributed to such programs.

(f) The rate charged for a health benefit plan offered under this section may not be adjusted more frequently than annually except that the premium may be changed to reflect:

- (i) Changes to the enrollment of the small employer;
- (ii) Changes to the family composition of the employee;
- (iii) Changes to the health benefit plan requested by the small employer; or
- (iv) Changes in government requirements affecting the health benefit plan.

(g) Rating factors shall produce premiums for identical groups that differ only by the amounts attributable to plan design, with the exception of discounts for health improvement programs.

(h) For the purposes of this section, a health benefit plan that contains a restricted network provision shall not be considered similar coverage to a health benefit plan that does not contain such a provision, provided that the restrictions of benefits to network providers result in substantial differences in claims costs. A carrier may develop its rates based on claims costs due to network provider reimbursement schedules or type of network. This subsection does not restrict or enhance the portability of benefits as provided in RCW 48.43.015.

(i) Adjusted community rates established under this section shall pool the medical experience of all groups purchasing coverage, including the small group participants in the health insurance partnership established in RCW 70.47A.030. However, annual rate adjustments for each small group health benefit plan may vary by up to plus or minus four percentage points from the overall adjustment of a carrier's entire small group pool, such overall adjustment to be approved by the commissioner, upon a showing by the carrier, certified by a member of the American academy of actuaries that: (i) The variation is a result of deductible leverage, benefit design, or provider network characteristics; and (ii) for a rate renewal period, the projected weighted average of all small group benefit plans will have a revenue neutral effect on the carrier's small group pool. Variations of greater than four percentage points are subject to review by the commissioner, and must be approved or denied within sixty days of submittal. A variation that is not denied within sixty days shall be deemed approved. The commissioner must provide to the carrier a detailed actuarial justification for any denial within thirty days of the denial.

(4) Nothing in this section shall restrict the right of employees to collectively bargain for insurance providing benefits in excess of those provided herein.

(5)(a) Except as provided in this subsection, requirements used by a contractor in determining whether to provide coverage to a small employer shall be applied uniformly among all small employers applying for coverage or receiving coverage from the carrier.

(b) A contractor shall not require a minimum participation level greater than:

- (i) One hundred percent of eligible employees working for groups with three or less employees; and
- (ii) Seventy-five percent of eligible employees working for groups with more than three employees.

(c) In applying minimum participation requirements with respect to a small employer, a small employer shall not consider employees or dependents who have similar existing coverage in determining whether the applicable percentage of participation is met.

(d) A contractor may not increase any requirement for minimum employee participation or modify any requirement for minimum employer contribution applicable to a small employer at any time after the small employer has been accepted for coverage.

(6) A contractor must offer coverage to all eligible employees of a small employer and their dependents. A contractor may not offer coverage to only certain individuals or dependents in a small employer group or to only part of the group. A contractor may not modify a health plan with respect to a small employer or any eligible employee or dependent, through riders, endorsements or otherwise, to restrict or exclude coverage or benefits for specific diseases, medical conditions, or services otherwise covered by the plan.

Sec. 9. RCW 48.46.066 and 2004 c 244 s 9 are each amended to read as follows:

(1)(a) A health maintenance organization offering any health benefit plan to a small employer, either directly or through an association or member-governed group formed specifically for the purpose of purchasing health care, may offer and actively market to the small employer a health benefit plan featuring a limited schedule of covered health care services. Nothing in this subsection shall preclude a health maintenance organization

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from offering, or a small employer from purchasing, other health benefit plans that may have more comprehensive benefits than those included in the product offered under this subsection. A health maintenance organization offering a health benefit plan under this subsection shall clearly disclose all the covered benefits to the small employer in a brochure filed with the commissioner.

(b) A health benefit plan offered under this subsection shall provide coverage for hospital expenses and services rendered by a physician licensed under chapter 18.57 or 18.71 RCW but is not subject to the requirements of RCW 48.46.275, 48.46.280, 48.46.285, 48.46.290, 48.46.350, 48.46.355, 48.46.375, 48.46.440, 48.46.480, 48.46.510, 48.46.520, and 48.46.530.

(2) Nothing in this section shall prohibit a health maintenance organization from offering, or a purchaser from seeking, health benefit plans with benefits in excess of the health benefit plan offered under subsection (1) of this section. All forms, policies, and contracts shall be submitted for approval to the commissioner, and the rates of any plan offered under this section shall be reasonable in relation to the benefits thereto.

(3) Premium rates for health benefit plans for small employers as defined in this section shall be subject to the following provisions:

(a) The health maintenance organization shall develop its rates based on an adjusted community rate and may only vary the adjusted community rate for:

- (i) Geographic area;
- (ii) Family size;
- (iii) Age; and
- (iv) Wellness activities.

(b) The adjustment for age in (a)(iii) of this subsection may not use age brackets smaller than five-year increments, which shall begin with age twenty and end with age sixty-five. Employees under the age of twenty shall be treated as those age twenty.

(c) The health maintenance organization shall be permitted to develop separate rates for individuals age sixty-five or older for coverage for which medicare is the primary payer and coverage for which medicare is not the primary payer. Both rates shall be subject to the requirements of this subsection (3).

(d) The permitted rates for any age group shall be no more than four hundred twenty-five percent of the lowest rate for all age groups on January 1, 1996, four hundred percent on January 1, 1997, and three hundred seventy-five percent on January 1, 2000, and thereafter.

(e) A discount for wellness activities shall be permitted to reflect actuarially justified differences in utilization or cost attributed to such programs.

(f) The rate charged for a health benefit plan offered under this section may not be adjusted more frequently than annually except that the premium may be changed to reflect:

- (i) Changes to the enrollment of the small employer;
- (ii) Changes to the family composition of the employee;
- (iii) Changes to the health benefit plan requested by the small employer; or
- (iv) Changes in government requirements affecting the health benefit plan.

(g) Rating factors shall produce premiums for identical groups that differ only by the amounts attributable to plan design, with the exception of discounts for health improvement programs.

(h) For the purposes of this section, a health benefit plan that contains a restricted network provision shall not be considered similar coverage to a health benefit plan that does not contain such a provision, provided that the restrictions of benefits to network providers result in substantial differences in claims costs. A carrier may develop its rates based on claims costs due to network provider reimbursement schedules or type of network. This subsection does not restrict or enhance the portability of benefits as provided in RCW 48.43.015.

(i) Adjusted community rates established under this section shall pool the medical experience of all groups purchasing coverage, including the small group participants in the health insurance partnership established in RCW 70.47A.030. However, annual rate adjustments for each small group health

benefit plan may vary by up to plus or minus four percentage points from the overall adjustment of a carrier's entire small group pool, such overall adjustment to be approved by the commissioner, upon a showing by the carrier, certified by a member of the American academy of actuaries that: (i) The variation is a result of deductible leverage, benefit design, or provider network characteristics; and (ii) for a rate renewal period, the projected weighted average of all small group benefit plans will have a revenue neutral effect on the carrier's small group pool. Variations of greater than four percentage points are subject to review by the commissioner, and must be approved or denied within sixty days of submittal. A variation that is not denied within sixty days shall be deemed approved. The commissioner must provide to the carrier a detailed actuarial justification for any denial within thirty days of the denial.

(4) Nothing in this section shall restrict the right of employees to collectively bargain for insurance providing benefits in excess of those provided herein.

(5)(a) Except as provided in this subsection, requirements used by a health maintenance organization in determining whether to provide coverage to a small employer shall be applied uniformly among all small employers applying for coverage or receiving coverage from the carrier.

(b) A health maintenance organization shall not require a minimum participation level greater than:

- (i) One hundred percent of eligible employees working for groups with three or less employees; and
- (ii) Seventy-five percent of eligible employees working for groups with more than three employees.

(c) In applying minimum participation requirements with respect to a small employer, a small employer shall not consider employees or dependents who have similar existing coverage in determining whether the applicable percentage of participation is met.

(d) A health maintenance organization may not increase any requirement for minimum employee participation or modify any requirement for minimum employer contribution applicable to a small employer at any time after the small employer has been accepted for coverage.

(6) A health maintenance organization must offer coverage to all eligible employees of a small employer and their dependents. A health maintenance organization may not offer coverage to only certain individuals or dependents in a small employer group or to only part of the group. A health maintenance organization may not modify a health plan with respect to a small employer or any eligible employee or dependent, through riders, endorsements or otherwise, to restrict or exclude coverage or benefits for specific diseases, medical conditions, or services otherwise covered by the plan.

NEW SECTION. Sec. 10. On or before December 1, 2008, the health insurance partnership board shall submit a report to the governor and the legislature that includes an implementation plan to incorporate the individual and small group health insurance markets into the partnership program. In preparing the report, the board shall examine at least the following issues:

(1) The impact of these markets being incorporated into the partnership, with respect to the utilization of services and cost of health plans offered through the partnership;

(2) The impact of applying small group health benefit plan regulations on access to health services and the cost of coverage for these markets; and

(3) How the composition of the board should be modified to reflect the incorporation of the individual and small group markets in the partnership.

NEW SECTION. Sec. 11. On or before December 1, 2009, the health insurance partnership board shall submit a report and recommendations to the governor and the legislature regarding:

(1) The risks and benefits of additional markets participating in the partnership:

(a) The report shall examine the following markets:

- (i) Washington state health insurance pool under chapter 48.41 RCW;
- (ii) Basic health plan under chapter 70.47 RCW;
- (iii) Public employees' benefits board enrollees under chapter 41.05 RCW; and

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(iv) Public school employees; and

(b) The report shall examine at least the following issues:

(i) The impact of these markets participating in the partnership, with respect to the utilization of services and cost of health plans offered through the partnership;

(ii) Whether any distinction should be made in participation between active and retired employees enrolled in public employees' benefits board plans, giving consideration to the implicit subsidy that nonmedicare-eligible retirees currently benefit from by being pooled with active employees, and how medicare-eligible retirees would be affected;

(iii) The impact of applying small group health benefit plan regulations on access to health services and the cost of coverage for these markets; and

(iv) If the board recommends the inclusion of additional markets, how the composition of the board should be modified to reflect the participation of these markets; and

(2) The risks and benefits of establishing a requirement that residents of the state of Washington age eighteen and over obtain and maintain affordable creditable coverage, as defined in the federal health insurance portability and accountability act of 1996 (42 U.S.C. Sec. 300gg(c)). The report shall address the question of how a requirement that residents maintain coverage could be enforced in the state of Washington.

Sec. 12. RCW 70.47A.050 and 2006 c 255 s 5 are each amended to read as follows:

Enrollment in the (~~small employer~~) health insurance partnership (~~program~~) is not an entitlement and shall not result in expenditures that exceed the amount that has been appropriated for the program in the operating budget. If it appears that continued enrollment will result in expenditures exceeding the appropriated level for a particular fiscal year, the administrator may freeze new enrollment in the program and establish a waiting list of eligible employees who shall receive subsidies only when sufficient funds are available.

Sec. 13. RCW 70.47A.060 and 2006 c 255 s 6 are each amended to read as follows:

The administrator shall adopt all rules necessary for the implementation and operation of the (~~small employer~~) health insurance partnership (~~program~~). As part of the rule development process, the administrator shall consult with small employers, carriers, employee organizations, and the office of the insurance commissioner under Title 48 RCW to determine an effective and efficient method for the payment of subsidies under this chapter. All rules shall be adopted in accordance with chapter 34.05 RCW.

Sec. 14. RCW 70.47A.080 and 2006 c 255 s 8 are each amended to read as follows:

The (~~small employer~~) health insurance partnership (~~program~~) account is hereby established in the custody of the state treasurer. Any nongeneral fund--state funds collected for the (~~small employer~~) health insurance partnership (~~program~~) shall be deposited in the (~~small employer~~) health insurance partnership (~~program~~) account. Moneys in the account shall be used exclusively for the purposes of administering the (~~small employer~~) health insurance partnership (~~program~~), including payments to (~~participating managed health care systems~~) insurance carriers on behalf of (~~small employer~~) health insurance partnership enrollees. Only the administrator of the health care authority or his or her designee may authorize expenditures from the account. The account is subject to allotment procedures under chapter 43.88 RCW, but an appropriation is not required for expenditures.

NEW SECTION. Sec. 15. (1) The office of the insurance commissioner shall contract for an independent study of health benefit mandates, rating requirements, and insurance statutes and rules to determine the impact on premiums and individuals' health if those statutes or rules were amended or repealed.

(2) The office of the insurance commissioner shall submit an interim report to the governor and appropriate committees of the legislature by December 1, 2007, and a final report by December 1, 2008.

NEW SECTION. Sec. 16. 2006 c 255 s 10 (uncodified) is repealed.**NEW SECTION. Sec. 17.** Sections 1 through 6 of this act are necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and take effect July 1, 2007.**NEW SECTION. Sec. 18.** If specific funding for the purposes of the following sections of this act, referencing the section of this act by bill or chapter number and section number, is not provided by June 30, 2007, in the omnibus appropriations act, the section is null and void:

(1) Section 5 (health insurance partnership board);

(2) Section 15 (office of insurance commissioner independent study)."

On page 1, line 1 of the title, after "Relating to" strike the remainder of the title and insert "improving health insurance coverage by establishing a health insurance partnership for the purchase of small employer health insurance coverage, evaluating the inclusion of additional health insurance markets in the health insurance partnership, and studying the impact of health insurance mandates; amending RCW 70.47A.010, 70.47A.020, 70.47A.030, 70.47A.040, 48.21.045, 48.44.023, 48.46.066, 70.47A.050, 70.47A.060, and 70.47A.080; adding new sections to chapter 70.47A RCW; creating new sections; repealing 2006 c 255 s 10 (uncodified); providing an effective date; and declaring an emergency."

The President declared the question before the Senate to be the motion by Senator Keiser to not adopt the committee striking amendment by the Committee on Ways & Means to Engrossed Second Substitute House Bill No. 1569.

The motion by Senator Keiser carried and the committee striking amendment was not adopted by voice vote.

MOTION

Senator Keiser moved that the following striking amendment by Senators Keiser and Franklin be adopted:

Strike everything after the enacting clause and insert the following:

Sec. 1. RCW 70.47A.010 and 2006 c 255 s 1 are each amended to read as follows:

(1) The legislature finds that many small employers struggle with the cost of providing employer-sponsored health insurance coverage to their employees, while others are unable to offer employer-sponsored health insurance due to its high cost. Low-wage workers also struggle with the burden of paying their share of the costs of employer-sponsored health insurance, while others turn down their employer's offer of coverage due to its costs.

(2) The legislature intends, through establishment of a (~~small employer~~) health insurance partnership program, to remove economic barriers to health insurance coverage for low-wage employees of small employers by building on the private sector health benefit plan system and encouraging employer and employee participation in employer-sponsored health benefit plan coverage.**Sec. 2.** RCW 70.47A.020 and 2006 c 255 s 2 are each amended to read as follows:

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

(1) "Administrator" means the administrator of the Washington state health care authority, established under chapter 41.05 RCW.

(2) "Board" means the health insurance partnership board established in section 4 of this act.

(3) "Eligible (~~employee~~) partnership participant" means an individual who:

(a) Is a resident of the state of Washington;

(b) Has family income (~~less than~~) that does not exceed two hundred percent of the federal poverty level, as determined annually by the federal department of health and human services; and

(c) Is employed by a participating small employer or is a former employee of a participating small employer who chooses to continue receiving coverage through the partnership following separation from employment.

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~~((3))~~ (4) "Health benefit plan" has the same meaning as defined in RCW 48.43.005 ~~((or any plan provided by a self-funded multiple employer welfare arrangement as defined in RCW 48.125.010 or by another benefit arrangement defined in the federal employee retirement income security act of 1974, as amended)).~~

~~((4))~~ "Program") (5) "Participating small employer" means a small employer that employs at least one eligible partnership participant and has entered into an agreement with the partnership for the partnership to offer and administer the small employer's group health benefit plan, as defined in federal law, Sec. 706 of ERISA (29 U.S.C. Sec. 1167), for enrollees in the plan.

(6) "Partnership" means the ~~((small employer))~~ health insurance partnership ~~((program))~~ established in RCW 70.47A.030.

~~((5))~~ (7) "Partnership participant" means an employee of a participating small employer, or a former employee of a participating small employer who chooses to continue receiving coverage through the partnership following separation from employment.

(8) "Small employer" has the same meaning as defined in RCW 48.43.005.

~~((6))~~ (9) "Subsidy" or "premium subsidy" means payment or reimbursement to an eligible ~~((employee))~~ partnership participant toward the purchase of a health benefit plan, and may include a net billing arrangement with insurance carriers or a prospective or retrospective payment for health benefit plan premiums.

Sec. 3. RCW 70.47A.030 and 2006 c 255 s 3 are each amended to read as follows:

(1) To the extent funding is appropriated in the operating budget for this purpose, the ~~((small employer))~~ health insurance partnership ~~((program))~~ is established. The administrator shall be responsible for the implementation and operation of the ~~((small employer))~~ health insurance partnership ~~((program))~~, directly or by contract. The administrator shall offer premium subsidies to eligible ~~((employees))~~ partnership participants under RCW 70.47A.040.

(2) Consistent with policies adopted by the board under section 4 of this act, the administrator shall, directly or by contract:

(a) Establish and administer procedures for enrolling small employers in the partnership, including publicizing the existence of the partnership and disseminating information on enrollment, and establishing rules related to minimum participation of employees in small groups purchasing health insurance through the partnership. Opportunities to publicize the program for outreach and education of small employers on the value of insurance shall explore the use of online employer guides. As a condition of participating in the partnership, a small employer must agree to establish a cafeteria plan under section 125 of the federal internal revenue code that will enable employees to use pretax dollars to pay their share of their health benefit plan premium. The partnership shall provide technical assistance to small employers for this purpose;

(b) Establish and administer procedures for health benefit plan enrollment by employees of small employers during open enrollment periods and outside of open enrollment periods upon the occurrence of any qualifying event specified in the federal health insurance portability and accountability act of 1996 or applicable state law. Neither the employer nor the partnership shall limit an employee's choice of coverage from among all the health benefit plans offered;

(c) Establish and manage a system for the partnership to be designated as the sponsor or administrator of a participating small employer health benefit plan and to undertake the obligations required of a plan administrator under federal law;

(d) Establish and manage a system of collecting and transmitting to the applicable carriers all premium payments or contributions made by or on behalf of partnership participants, including employer contributions, automatic payroll deductions for partnership participants, premium subsidy payments, and contributions from philanthropies;

(e) Establish and manage a system for determining eligibility for and making premium subsidy payments under this act;

(f) Establish a mechanism to apply a surcharge to all health benefit plans, which shall be used only to pay for administrative and operational expenses of the partnership. The surcharge must be applied uniformly to all health benefit plans offered through the partnership and must be included in the premium for each health benefit plan. Surcharges may not be used to pay any premium assistance payments under this chapter;

(g) Design a schedule of premium subsidies that is based upon gross family income, giving appropriate consideration to family size and the ages of all family members based on a benchmark health benefit plan designated by the board. The amount of an eligible partnership participant's premium subsidy shall be determined by applying a sliding scale subsidy schedule with the percentage of premium similar to that developed for subsidized basic health plan enrollees under RCW 70.47.060. The subsidy shall be applied to the employee's premium obligation for his or her health benefit plan, so that employees benefit financially from any employer contribution to the cost of their coverage through the partnership.

(3) The administrator may enter into interdepartmental agreements with the office of the insurance commissioner, the department of social and health services, and any other state agencies necessary to implement this chapter.

NEW SECTION. Sec. 4. A new section is added to chapter 70.47A RCW to read as follows:

(1) The health insurance partnership board is hereby established. The governor shall appoint a nine-member board composed as follows:

(a) Two representatives of small employers;

(b) Two representatives of employees of small employers, one of whom shall represent low-wage employees;

(c) Four employee health plan benefits specialists; and

(d) The administrator.

(2) The governor shall appoint the initial members of the board to staggered terms not to exceed four years. Initial appointments shall be made on or before June 1, 2007. Members appointed thereafter shall serve two-year terms. Members of the board shall be compensated in accordance with RCW 43.03.250 and shall be reimbursed for their travel expenses while on official business in accordance with RCW 43.03.050 and 43.03.060. The board shall prescribe rules for the conduct of its business. The administrator shall be the chair of the board. Meetings of the board shall be at the call of the chair.

(3) The board may establish technical advisory committees or seek the advice of technical experts when necessary to execute the powers and duties included in this section.

(4) The board and employees of the board shall not be civilly or criminally liable and shall not have any penalty or cause of action of any nature arise against them for any action taken or not taken, including any discretionary decision or failure to make a discretionary decision, when the action or inaction is done in good faith and in the performance of the powers and duties under this chapter. Nothing in this section prohibits legal actions against the board to enforce the board's statutory or contractual duties or obligations.

NEW SECTION. Sec. 5. A new section is added to chapter 70.47A RCW to read as follows:

(1) The health insurance partnership board shall:

(a) Develop policies for enrollment of small employers in the partnership, including minimum participation rules for small employer groups. The small employer shall determine the criteria for eligibility and enrollment in his or her plan and the terms and amounts of the employer's contributions to that plan, consistent with any minimum employer premium contribution level established by the board under (d) of this subsection;

(b) Designate health benefit plans that are currently offered in the small group market that will qualify for premium subsidy payments. At least four health benefit plans shall be chosen, with multiple deductible and point-of-service cost-sharing options. The health benefit plans shall range from catastrophic to comprehensive coverage, and one health benefit plan shall be a high deductible health plan. Every effort shall be made to include health benefit plans that include components to maximize the quality of care provided and result in improved

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health outcomes, such as preventive care, wellness incentives, chronic care management services, and provider network development and payment policies related to quality of care;

(c) Approve a mid-range benefit plan from those selected to be used as a benchmark plan for calculating premium subsidies;

(d) Determine whether there should be a minimum employer premium contribution on behalf of employees, and if so, how much;

(e) Determine appropriate health benefit plan rating methodologies. The methodologies shall be based on the small group adjusted community rate as defined in Title 48 RCW. The board shall evaluate the impact of applying the small group community rating with the partnership principle of allowing each employee to choose their health benefit plan, and consider options to reduce uncertainty for carriers and provide for efficient risk management of high-cost enrollees through risk adjustment, reinsurance, or other mechanisms;

(f) Conduct analyses and provide recommendations as requested by the legislature and the governor, with the assistance of staff from the health care authority and the office of the insurance commissioner.

(2) The board may authorize one or more limited health care service plans for dental care services to be offered by limited health care service contractors under RCW 48.44.035. However, such plan shall not qualify for subsidy payments.

(3) In fulfilling the requirements of this section, the board shall consult with small employers, the office of the insurance commissioner, members in good standing of the American academy of actuaries, health carriers, agents and brokers, and employees of small business.

Sec. 6. RCW 70.47A.040 and 2006 c 255 s 4 are each amended to read as follows:

~~((+))~~ Beginning ~~((July 1, 2007))~~ September 1, 2008, the administrator shall accept applications from eligible ~~((employees))~~ partnership participants, on behalf of themselves, their spouses, and their dependent children, to receive premium subsidies through the ~~((small employer))~~ health insurance partnership ~~((program))~~.

~~((2))~~ Premium subsidy payments may be provided to eligible employees if:

~~— (a) The eligible employee is employed by a small employer;~~

~~— (b) The actuarial value of the health benefit plan offered by the small employer is at least equivalent to that of the basic health plan benefit offered under chapter 70.47 RCW. The office of the insurance commissioner under Title 48 RCW shall certify those small employer health benefit plans that are at least actuarially equivalent to the basic health plan benefit; and~~

~~— (c) The small employer will pay at least forty percent of the monthly premium cost for health benefit plan coverage of the eligible employee.~~

~~— (3) The amount of an eligible employee's premium subsidy shall be determined by applying the sliding scale subsidy schedule developed for subsidized basic health plan enrollees under RCW 70.47.060 to the employee's premium obligation for his or her employer's health benefit plan.~~

~~— (4) After an eligible individual has enrolled in the program, the program shall issue subsidies in an amount determined pursuant to subsection (3) of this section to either the eligible employee or to the carrier designated by the eligible employee.~~

~~— (5) An eligible employee must agree to provide verification of continued enrollment in his or her small employer's health benefit plan on a semiannual basis or to notify the administrator whenever his or her enrollment status changes, whichever is earlier. Verification or notification may be made directly by the employee, or through his or her employer or the carrier providing the small employer health benefit plan. When necessary, the administrator has the authority to perform retrospective audits on premium subsidy accounts. The administrator may suspend or terminate an employee's participation in the program and seek repayment of any subsidy amounts paid due to the omission or misrepresentation of an applicant or enrolled employee. The administrator shall adopt rules to define the appropriate application of these sanctions and the processes to implement the sanctions provided in this subsection, within available resources.)~~

Sec. 7. RCW 48.21.045 and 2004 c 244 s 1 are each amended to read as follows:

(1)(a) An insurer offering any health benefit plan to a small employer, either directly or through an association or member-governed group formed specifically for the purpose of purchasing health care, may offer and actively market to the small employer a health benefit plan featuring a limited schedule of covered health care services. Nothing in this subsection shall preclude an insurer from offering, or a small employer from purchasing, other health benefit plans that may have more comprehensive benefits than those included in the product offered under this subsection. An insurer offering a health benefit plan under this subsection shall clearly disclose all covered benefits to the small employer in a brochure filed with the commissioner.

(b) A health benefit plan offered under this subsection shall provide coverage for hospital expenses and services rendered by a physician licensed under chapter 18.57 or 18.71 RCW but is not subject to the requirements of RCW 48.21.130, 48.21.140, 48.21.141, 48.21.142, 48.21.144, 48.21.146, 48.21.160 through 48.21.197, 48.21.200, 48.21.220, 48.21.225, 48.21.230, 48.21.235, 48.21.240, 48.21.244, 48.21.250, 48.21.300, 48.21.310, or 48.21.320.

(2) Nothing in this section shall prohibit an insurer from offering, or a purchaser from seeking, health benefit plans with benefits in excess of the health benefit plan offered under subsection (1) of this section. All forms, policies, and contracts shall be submitted for approval to the commissioner, and the rates of any plan offered under this section shall be reasonable in relation to the benefits thereto.

(3) Premium rates for health benefit plans for small employers as defined in this section shall be subject to the following provisions:

(a) The insurer shall develop its rates based on an adjusted community rate and may only vary the adjusted community rate for:

- (i) Geographic area;
- (ii) Family size;
- (iii) Age; and
- (iv) Wellness activities.

(b) The adjustment for age in (a)(iii) of this subsection may not use age brackets smaller than five-year increments, which shall begin with age twenty and end with age sixty-five. Employees under the age of twenty shall be treated as those age twenty.

(c) The insurer shall be permitted to develop separate rates for individuals age sixty-five or older for coverage for which medicare is the primary payer and coverage for which medicare is not the primary payer. Both rates shall be subject to the requirements of this subsection (3).

(d) The permitted rates for any age group shall be no more than four hundred twenty-five percent of the lowest rate for all age groups on January 1, 1996, four hundred percent on January 1, 1997, and three hundred seventy-five percent on January 1, 2000, and thereafter.

(e) A discount for wellness activities shall be permitted to reflect actuarially justified differences in utilization or cost attributed to such programs.

(f) The rate charged for a health benefit plan offered under this section may not be adjusted more frequently than annually except that the premium may be changed to reflect:

- (i) Changes to the enrollment of the small employer;
- (ii) Changes to the family composition of the employee;
- (iii) Changes to the health benefit plan requested by the small employer; or

(iv) Changes in government requirements affecting the health benefit plan.

(g) Rating factors shall produce premiums for identical groups that differ only by the amounts attributable to plan design, with the exception of discounts for health improvement programs.

(h) For the purposes of this section, a health benefit plan that contains a restricted network provision shall not be considered similar coverage to a health benefit plan that does not contain such a provision, provided that the restrictions of

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benefits to network providers result in substantial differences in claims costs. A carrier may develop its rates based on claims costs due to network provider reimbursement schedules or type of network. This subsection does not restrict or enhance the portability of benefits as provided in RCW 48.43.015.

(i) Adjusted community rates established under this section shall pool the medical experience of all small groups purchasing coverage, including the small group participants in the health insurance partnership established in RCW 70.47A.030. However, annual rate adjustments for each small group health benefit plan may vary by up to plus or minus four percentage points from the overall adjustment of a carrier's entire small group pool, such overall adjustment to be approved by the commissioner, upon a showing by the carrier, certified by a member of the American academy of actuaries that: (i) The variation is a result of deductible leverage, benefit design, or provider network characteristics; and (ii) for a rate renewal period, the projected weighted average of all small group benefit plans will have a revenue neutral effect on the carrier's small group pool. Variations of greater than four percentage points are subject to review by the commissioner, and must be approved or denied within sixty days of submittal. A variation that is not denied within sixty days shall be deemed approved. The commissioner must provide to the carrier a detailed actuarial justification for any denial within thirty days of the denial.

(4) Nothing in this section shall restrict the right of employees to collectively bargain for insurance providing benefits in excess of those provided herein.

(5)(a) Except as provided in this subsection, requirements used by an insurer in determining whether to provide coverage to a small employer shall be applied uniformly among all small employers applying for coverage or receiving coverage from the carrier.

(b) An insurer shall not require a minimum participation level greater than:

(i) One hundred percent of eligible employees working for groups with three or less employees; and

(ii) Seventy-five percent of eligible employees working for groups with more than three employees.

(c) In applying minimum participation requirements with respect to a small employer, a small employer shall not consider employees or dependents who have similar existing coverage in determining whether the applicable percentage of participation is met.

(d) An insurer may not increase any requirement for minimum employee participation or modify any requirement for minimum employer contribution applicable to a small employer at any time after the small employer has been accepted for coverage.

(6) An insurer must offer coverage to all eligible employees of a small employer and their dependents. An insurer may not offer coverage to only certain individuals or dependents in a small employer group or to only part of the group. An insurer may not modify a health plan with respect to a small employer or any eligible employee or dependent, through riders, endorsements or otherwise, to restrict or exclude coverage or benefits for specific diseases, medical conditions, or services otherwise covered by the plan.

(7) As used in this section, "health benefit plan," "small employer," "adjusted community rate," and "wellness activities" mean the same as defined in RCW 48.43.005.

Sec. 8. RCW 48.44.023 and 2004 c 244 s 7 are each amended to read as follows:

(1)(a) A health care services contractor offering any health benefit plan to a small employer, either directly or through an association or member-governed group formed specifically for the purpose of purchasing health care, may offer and actively market to the small employer a health benefit plan featuring a limited schedule of covered health care services. Nothing in this subsection shall preclude a contractor from offering, or a small employer from purchasing, other health benefit plans that may have more comprehensive benefits than those included in the product offered under this subsection. A contractor offering a health benefit plan under this subsection shall clearly disclose

all covered benefits to the small employer in a brochure filed with the commissioner.

(b) A health benefit plan offered under this subsection shall provide coverage for hospital expenses and services rendered by a physician licensed under chapter 18.57 or 18.71 RCW but is not subject to the requirements of RCW 48.44.225, 48.44.240, 48.44.245, 48.44.290, 48.44.300, 48.44.310, 48.44.320, 48.44.325, 48.44.330, 48.44.335, 48.44.340, 48.44.344, 48.44.360, 48.44.400, 48.44.440, 48.44.450, and 48.44.460.

(2) Nothing in this section shall prohibit a health care service contractor from offering, or a purchaser from seeking, health benefit plans with benefits in excess of the health benefit plan offered under subsection (1) of this section. All forms, policies, and contracts shall be submitted for approval to the commissioner, and the rates of any plan offered under this section shall be reasonable in relation to the benefits thereto.

(3) Premium rates for health benefit plans for small employers as defined in this section shall be subject to the following provisions:

(a) The contractor shall develop its rates based on an adjusted community rate and may only vary the adjusted community rate for:

(i) Geographic area;

(ii) Family size;

(iii) Age; and

(iv) Wellness activities.

(b) The adjustment for age in (a)(iii) of this subsection may not use age brackets smaller than five-year increments, which shall begin with age twenty and end with age sixty-five. Employees under the age of twenty shall be treated as those age twenty.

(c) The contractor shall be permitted to develop separate rates for individuals age sixty-five or older for coverage for which medicare is the primary payer and coverage for which medicare is not the primary payer. Both rates shall be subject to the requirements of this subsection (3).

(d) The permitted rates for any age group shall be no more than four hundred twenty-five percent of the lowest rate for all age groups on January 1, 1996, four hundred percent on January 1, 1997, and three hundred seventy-five percent on January 1, 2000, and thereafter.

(e) A discount for wellness activities shall be permitted to reflect actuarially justified differences in utilization or cost attributed to such programs.

(f) The rate charged for a health benefit plan offered under this section may not be adjusted more frequently than annually except that the premium may be changed to reflect:

(i) Changes to the enrollment of the small employer;

(ii) Changes to the family composition of the employee;

(iii) Changes to the health benefit plan requested by the small employer; or

(iv) Changes in government requirements affecting the health benefit plan.

(g) Rating factors shall produce premiums for identical groups that differ only by the amounts attributable to plan design, with the exception of discounts for health improvement programs.

(h) For the purposes of this section, a health benefit plan that contains a restricted network provision shall not be considered similar coverage to a health benefit plan that does not contain such a provision, provided that the restrictions of benefits to network providers result in substantial differences in claims costs. A carrier may develop its rates based on claims costs due to network provider reimbursement schedules or type of network. This subsection does not restrict or enhance the portability of benefits as provided in RCW 48.43.015.

(i) Adjusted community rates established under this section shall pool the medical experience of all groups purchasing coverage, including the small group participants in the health insurance partnership established in RCW 70.47A.030. However, annual rate adjustments for each small group health benefit plan may vary by up to plus or minus four percentage points from the overall adjustment of a carrier's entire small group pool, such overall adjustment to be approved by the commissioner, upon a showing by the carrier, certified by a

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member of the American academy of actuaries that: (i) The variation is a result of deductible leverage, benefit design, or provider network characteristics; and (ii) for a rate renewal period, the projected weighted average of all small group benefit plans will have a revenue neutral effect on the carrier's small group pool. Variations of greater than four percentage points are subject to review by the commissioner, and must be approved or denied within sixty days of submittal. A variation that is not denied within sixty days shall be deemed approved. The commissioner must provide to the carrier a detailed actuarial justification for any denial within thirty days of the denial.

(4) Nothing in this section shall restrict the right of employees to collectively bargain for insurance providing benefits in excess of those provided herein.

(5)(a) Except as provided in this subsection, requirements used by a contractor in determining whether to provide coverage to a small employer shall be applied uniformly among all small employers applying for coverage or receiving coverage from the carrier.

(b) A contractor shall not require a minimum participation level greater than:

(i) One hundred percent of eligible employees working for groups with three or less employees; and

(ii) Seventy-five percent of eligible employees working for groups with more than three employees.

(c) In applying minimum participation requirements with respect to a small employer, a small employer shall not consider employees or dependents who have similar existing coverage in determining whether the applicable percentage of participation is met.

(d) A contractor may not increase any requirement for minimum employee participation or modify any requirement for minimum employer contribution applicable to a small employer at any time after the small employer has been accepted for coverage.

(6) A contractor must offer coverage to all eligible employees of a small employer and their dependents. A contractor may not offer coverage to only certain individuals or dependents in a small employer group or to only part of the group. A contractor may not modify a health plan with respect to a small employer or any eligible employee or dependent, through riders, endorsements or otherwise, to restrict or exclude coverage or benefits for specific diseases, medical conditions, or services otherwise covered by the plan.

Sec. 9. RCW 48.46.066 and 2004 c 244 s 9 are each amended to read as follows:

(1)(a) A health maintenance organization offering any health benefit plan to a small employer, either directly or through an association or member-governed group formed specifically for the purpose of purchasing health care, may offer and actively market to the small employer a health benefit plan featuring a limited schedule of covered health care services. Nothing in this subsection shall preclude a health maintenance organization from offering, or a small employer from purchasing, other health benefit plans that may have more comprehensive benefits than those included in the product offered under this subsection. A health maintenance organization offering a health benefit plan under this subsection shall clearly disclose all the covered benefits to the small employer in a brochure filed with the commissioner.

(b) A health benefit plan offered under this subsection shall provide coverage for hospital expenses and services rendered by a physician licensed under chapter 18.57 or 18.71 RCW but is not subject to the requirements of RCW 48.46.275, 48.46.280, 48.46.285, 48.46.290, 48.46.350, 48.46.355, 48.46.375, 48.46.440, 48.46.480, 48.46.510, 48.46.520, and 48.46.530.

(2) Nothing in this section shall prohibit a health maintenance organization from offering, or a purchaser from seeking, health benefit plans with benefits in excess of the health benefit plan offered under subsection (1) of this section. All forms, policies, and contracts shall be submitted for approval to the commissioner, and the rates of any plan offered under this section shall be reasonable in relation to the benefits thereto.

(3) Premium rates for health benefit plans for small employers as defined in this section shall be subject to the following provisions:

(a) The health maintenance organization shall develop its rates based on an adjusted community rate and may only vary the adjusted community rate for:

(i) Geographic area;

(ii) Family size;

(iii) Age; and

(iv) Wellness activities.

(b) The adjustment for age in (a)(iii) of this subsection may not use age brackets smaller than five-year increments, which shall begin with age twenty and end with age sixty-five. Employees under the age of twenty shall be treated as those age twenty.

(c) The health maintenance organization shall be permitted to develop separate rates for individuals age sixty-five or older for coverage for which medicare is the primary payer and coverage for which medicare is not the primary payer. Both rates shall be subject to the requirements of this subsection (3).

(d) The permitted rates for any age group shall be no more than four hundred twenty-five percent of the lowest rate for all age groups on January 1, 1996, four hundred percent on January 1, 1997, and three hundred seventy-five percent on January 1, 2000, and thereafter.

(e) A discount for wellness activities shall be permitted to reflect actuarially justified differences in utilization or cost attributed to such programs.

(f) The rate charged for a health benefit plan offered under this section may not be adjusted more frequently than annually except that the premium may be changed to reflect:

(i) Changes to the enrollment of the small employer;

(ii) Changes to the family composition of the employee;

(iii) Changes to the health benefit plan requested by the small employer; or

(iv) Changes in government requirements affecting the health benefit plan.

(g) Rating factors shall produce premiums for identical groups that differ only by the amounts attributable to plan design, with the exception of discounts for health improvement programs.

(h) For the purposes of this section, a health benefit plan that contains a restricted network provision shall not be considered similar coverage to a health benefit plan that does not contain such a provision, provided that the restrictions of benefits to network providers result in substantial differences in claims costs. A carrier may develop its rates based on claims costs due to network provider reimbursement schedules or type of network. This subsection does not restrict or enhance the portability of benefits as provided in RCW 48.43.015.

(i) Adjusted community rates established under this section shall pool the medical experience of all groups purchasing coverage, including the small group participants in the health insurance partnership established in RCW 70.47A.030. However, annual rate adjustments for each small group health benefit plan may vary by up to plus or minus four percentage points from the overall adjustment of a carrier's entire small group pool, such overall adjustment to be approved by the commissioner, upon a showing by the carrier, certified by a member of the American academy of actuaries that: (i) The variation is a result of deductible leverage, benefit design, or provider network characteristics; and (ii) for a rate renewal period, the projected weighted average of all small group benefit plans will have a revenue neutral effect on the carrier's small group pool. Variations of greater than four percentage points are subject to review by the commissioner, and must be approved or denied within sixty days of submittal. A variation that is not denied within sixty days shall be deemed approved. The commissioner must provide to the carrier a detailed actuarial justification for any denial within thirty days of the denial.

(4) Nothing in this section shall restrict the right of employees to collectively bargain for insurance providing benefits in excess of those provided herein.

(5)(a) Except as provided in this subsection, requirements used by a health maintenance organization in determining

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whether to provide coverage to a small employer shall be applied uniformly among all small employers applying for coverage or receiving coverage from the carrier.

(b) A health maintenance organization shall not require a minimum participation level greater than:

(i) One hundred percent of eligible employees working for groups with three or less employees; and

(ii) Seventy-five percent of eligible employees working for groups with more than three employees.

(c) In applying minimum participation requirements with respect to a small employer, a small employer shall not consider employees or dependents who have similar existing coverage in determining whether the applicable percentage of participation is met.

(d) A health maintenance organization may not increase any requirement for minimum employee participation or modify any requirement for minimum employer contribution applicable to a small employer at any time after the small employer has been accepted for coverage.

(6) A health maintenance organization must offer coverage to all eligible employees of a small employer and their dependents. A health maintenance organization may not offer coverage to only certain individuals or dependents in a small employer group or to only part of the group. A health maintenance organization may not modify a health plan with respect to a small employer or any eligible employee or dependent, through riders, endorsements or otherwise, to restrict or exclude coverage or benefits for specific diseases, medical conditions, or services otherwise covered by the plan.

NEW SECTION. Sec. 10. On or before December 1, 2008, the health insurance partnership board shall submit a report to the governor and the legislature that includes an implementation plan to incorporate the individual and small group health insurance markets into the partnership program. In preparing the report, the board shall examine at least the following issues:

(1) The impact of these markets being incorporated into the partnership, with respect to the utilization of services and cost of health plans offered through the partnership;

(2) The impact of applying small group health benefit plan regulations on access to health services and the cost of coverage for these markets; and

(3) How the composition of the board should be modified to reflect the incorporation of the individual and small group markets in the partnership.

NEW SECTION. Sec. 11. On or before December 1, 2009, the health insurance partnership board shall submit a report and recommendations to the governor and the legislature regarding:

(1) The risks and benefits of additional markets participating in the partnership:

(a) The report shall examine the following markets:

(i) Washington state health insurance pool under chapter 48.41 RCW;

(ii) Basic health plan under chapter 70.47 RCW;

(iii) Public employees' benefits board enrollees under chapter 41.05 RCW; and

(iv) Public school employees; and

(b) The report shall examine at least the following issues:

(i) The impact of these markets participating in the partnership, with respect to the utilization of services and cost of health plans offered through the partnership;

(ii) Whether any distinction should be made in participation between active and retired employees enrolled in public employees' benefits board plans, giving consideration to the implicit subsidy that nonmedicare-eligible retirees currently benefit from by being pooled with active employees, and how medicare-eligible retirees would be affected;

(iii) The impact of applying small group health benefit plan regulations on access to health services and the cost of coverage for these markets; and

(iv) If the board recommends the inclusion of additional markets, how the composition of the board should be modified to reflect the participation of these markets; and

(2) The risks and benefits of establishing a requirement that residents of the state of Washington age eighteen and over obtain and maintain affordable creditable coverage, as defined in

the federal health insurance portability and accountability act of 1996 (42 U.S.C. Sec. 300gg(c)). The report shall address the question of how a requirement that residents maintain coverage could be enforced in the state of Washington.

Sec. 12. RCW 70.47A.050 and 2006 c 255 s 5 are each amended to read as follows:

Enrollment in the ((small employer)) health insurance partnership ((program)) is not an entitlement and shall not result in expenditures that exceed the amount that has been appropriated for the program in the operating budget. If it appears that continued enrollment will result in expenditures exceeding the appropriated level for a particular fiscal year, the administrator may freeze new enrollment in the program and establish a waiting list of eligible employees who shall receive subsidies only when sufficient funds are available.

Sec. 13. RCW 70.47A.060 and 2006 c 255 s 6 are each amended to read as follows:

The administrator shall adopt all rules necessary for the implementation and operation of the ((small employer)) health insurance partnership ((program)). As part of the rule development process, the administrator shall consult with small employers, carriers, employee organizations, and the office of the insurance commissioner under Title 48 RCW to determine an effective and efficient method for the payment of subsidies under this chapter. All rules shall be adopted in accordance with chapter 34.05 RCW.

Sec. 14. RCW 70.47A.080 and 2006 c 255 s 8 are each amended to read as follows:

The ((small employer)) health insurance partnership ((program)) account is hereby established in the custody of the state treasurer. Any nongeneral fund--state funds collected for the ((small employer)) health insurance partnership ((program)) shall be deposited in the ((small employer)) health insurance partnership ((program)) account. Moneys in the account shall be used exclusively for the purposes of administering the ((small employer)) health insurance partnership ((program)), including payments to ((participating managed health care systems)) insurance carriers on behalf of ((small employer)) health insurance partnership enrollees. Only the administrator of the health care authority or his or her designee may authorize expenditures from the account. The account is subject to allotment procedures under chapter 43.88 RCW, but an appropriation is not required for expenditures.

NEW SECTION. Sec. 15. (1) The office of the insurance commissioner shall contract for an independent study of health benefit mandates, rating requirements, and insurance statutes and rules to determine the impact on premiums and individuals' health if those statutes or rules were amended or repealed.

(2) The office of the insurance commissioner shall submit an interim report to the governor and appropriate committees of the legislature by December 1, 2007, and a final report by December 1, 2008.

NEW SECTION. Sec. 16. 2006 c 255 s 10 (uncodified) is repealed.

NEW SECTION. Sec. 17. Sections 1 through 6 of this act are necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and take effect July 1, 2007.

NEW SECTION. Sec. 18. If specific funding for the purposes of the following sections of this act, referencing the section of this act by bill or chapter number and section number, is not provided by June 30, 2007, in the omnibus appropriations act, the section is null and void:

(1) Section 5 (health insurance partnership board);

(2) Section 15 (office of insurance commissioner independent study)."

MOTION

Senator Pflug moved that the following amendment by Senator Pflug to the striking amendment be adopted.

On page 1, line 24 of the amendment, after "(2)" strike all material through "(3)" on line 26

On page 2, beginning on line 4 of the amendment, after "employer" strike all material through "(6)" on line 19 and insert

".

(3) "Health benefit plan" has the same meaning as defined in RCW 48.43.005 or any plan provided by a self-funded multiple employer welfare arrangement as defined in RCW 48.125.010 or by another benefit arrangement defined in the federal employee retirement income security act of 1974, as amended.

(4) (~~"Program"~~)

On page 2, line 21 of the amendment, strike "~~((5)) (7)~~" and insert "(5)"

On page 2, beginning on line 22 of the amendment, after "employer" strike all material through "employment" on line 24

On page 2, line 25 of the amendment, strike "~~(8)~~" and insert "~~(6)~~"

On page 2, line 27 of the amendment, strike "~~(9)~~" and insert "~~(7)~~"

On page 2, line 34 of the amendment, strike "~~(1)~~"

Beginning on page 3, after line 3 of the amendment, strike all material through "study)." on page 20, line 19, and insert the following:

"**Sec. 4.** RCW 70.47A.040 and 2006 c 255 s 4 are each amended to read as follows:

(1) Beginning July 1, 2007, the administrator shall accept applications from eligible employees, on behalf of themselves, their spouses, and their dependent children, to receive premium subsidies through the small employer health insurance partnership program.

(2) Premium subsidy payments may be provided to eligible employees if:

(a) The eligible employee is employed by a small employer; and

(b) ~~(The actuarial value of the health benefit plan offered by the small employer is at least equivalent to that of the basic health plan benefit offered under chapter 70.47 RCW. The office of the insurance commissioner under Title 48 RCW shall certify those small employer health benefit plans that are at least actuarially equivalent to the basic health plan benefit; and~~

~~(c))~~ The small employer will pay at least forty percent of the monthly premium cost for health benefit plan coverage of the eligible employee.

(3) The amount of an eligible employee's premium subsidy shall be determined by applying the sliding scale subsidy schedule developed for subsidized basic health plan enrollees under RCW 70.47.060 to the employee's premium obligation for his or her employer's health benefit plan.

(4) After an eligible individual has enrolled in the program, the program shall issue subsidies in an amount determined pursuant to subsection (3) of this section to either the eligible employee or to the carrier designated by the eligible employee.

(5) An eligible employee must agree to provide verification of continued enrollment in his or her small employer's health benefit plan on a semiannual basis or to notify the administrator whenever his or her enrollment status changes, whichever is earlier. Verification or notification may be made directly by the employee, or through his or her employer or the carrier providing the small employer health benefit plan. When necessary, the administrator has the authority to perform retrospective audits on premium subsidy accounts. The administrator may suspend or terminate an employee's participation in the program and seek repayment of any subsidy amounts paid due to the omission or misrepresentation of an applicant or enrolled employee. The administrator shall adopt rules to define the appropriate application of these sanctions and the processes to implement the sanctions provided in this subsection, within available resources.

PART I: FINDINGS AND INTENT

NEW SECTION. Sec. 101. LEGISLATIVE FINDINGS.

The legislature finds that:

(1) The people of Washington have expressed strong concerns about health care costs and access to needed health services. Even if currently insured, they are not confident that they will continue to have health insurance coverage in the future and feel that they are getting less, but spending more.

(2) Many employers, especially small employers, struggle

with the cost of providing employer-sponsored health insurance coverage to their employees, while others are unable to offer employer-sponsored health insurance due to its high cost. In addition, small employers continue to invest a significant amount of their time in the health insurance business as they are the lone gateway to group coverage for their employees. This is time better served meeting their customers' needs and fulfilling the many demands and challenges of our ever-changing marketplace. Even after much research has been done by the employer to secure a health benefit plan that works for everyone, it is, too often, that some individuals are forced into a choice of health care coverage they would have never made on their own, if given that chance.

(3) Six hundred thousand Washingtonians are uninsured. Three-quarters work or have a working family member; two-thirds are low income; and one-half are young adults. Many are low-wage workers who are not offered, or eligible for, employer-sponsored coverage. Others struggle with the burden of paying their share of the costs of employer-sponsored health insurance, while still others turn down their employer's offer of coverage due to its costs.

(4) Lack of portability remains a constant problem as thousands of Washington residents go uninsured every year simply because they are temporarily between jobs or their new job does not offer an affordable option for them. In addition, two-income earner families are punished by the system as they are forced to choose one employer's health insurance plan over another without a chance to collect premium contributions from both.

(5) Access to health insurance and other health care spending has resulted in improved health for many Washingtonians. Yet, we are not receiving as much value as we should for each health care dollar spent in Washington state. By failing to sufficiently focus our efforts on prevention and management of chronic diseases, such as diabetes, asthma, and heart disease, too many Washingtonians suffer from complications of their illnesses. By failing to make health insurance coverage affordable for low-wage workers and self-employed people, health problems that could be treated in a doctor's office are treated in the emergency room or hospital. By failing to focus on the most effective ways to maintain our health and treat disease, Washingtonians have not made lifestyle changes proven to improve health, nor do they receive the most effective care.

(6) There are very few incentives for young adults, nineteen through thirty years old, to purchase their own health coverage. Young, healthy adults are often quoted rates that are incongruent with their level of risk and do not make financial sense when they look at the cost benefit ratio. By failing to offer the right incentives for this population to enroll in a health insurance plan, we have created layers of problems such as increased uncompensated care and less preventative care being sought.

(7) The concept of a health insurance exchange has the potential for offering a strong value to Washington's health insurance market. It is necessary and advisable to fully consider the potential success and drawbacks of this concept through an interim study group of health policy stakeholders and legislators. The study's findings and recommendations will provide a template or guide for further consideration of health care market reform in Washington state.

NEW SECTION. Sec. 102. LEGISLATIVE INTENT. The legislature intends, through the public/private partnership reflected in this act, to improve our current health care system so that:

(1) Health insurance coverage is more affordable for employers, employees, self-employed people, and other individuals;

(2) The process of choosing and purchasing health insurance coverage is well-informed, clearer, and simpler;

(3) Prevention, chronic care management, wellness, and improved quality of care are a fundamental part of our health care system;

(4) Administrative costs at every level are reduced;

(5) As a result of these changes, more people in Washington

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state have access to affordable health insurance coverage and health outcomes in Washington state are improved;

(6) More insurance coverage choices are available to all health consumers;

(7) Competition is increased between health plans based on quality, cost, and positive health outcomes;

(8) Employer incentives to keep an employee below twenty hours per week are diminished creating wider access to health insurance for part-time employees and thereby reducing state costs for subsidizing health care to low-wage and part-time workers;

(9) More workers and employers are able to take advantage of section 125 plans to gain tax preferred status for health care premium payments resulting in significantly reduced costs.

PART II: WASHINGTON HEALTH INSURANCE EXCHANGE

NEW SECTION. Sec. 201. The definitions in this section apply throughout this act unless the context clearly requires otherwise.

(1) "Carrier" means a carrier as defined in RCW 48.43.005.

(2) "Commissioner" means the insurance commissioner established under RCW 48.02.010.

(3) "Health plan" or "health benefit plan" means a health plan or health benefit plan as defined in RCW 48.43.005.

(4) "Small employer" or "small group" means a business as defined in RCW 48.43.005(24).

NEW SECTION. Sec. 202. (1) The Washington state health insurance exchange interim study group is hereby established. The function of the group is to thoroughly study the health insurance exchange concept and all possible implications of its full introduction in Washington state.

(2) The study group shall be composed of twenty members. Four members of the legislature, two from the house of representatives, one from each of the two largest caucuses, and two from the senate, one from each of the two largest caucuses. The remaining sixteen members will be appointed by the governor as follows:

(a) One member of the governor's policy staff;

(b) One representative of small employers;

(c) One employee health plan benefits specialist;

(d) One representative of health care consumers;

(e) One representative of public employees;

(f) One representative of a business association that offers its members access to an association health plan;

(g) A physician licensed in good standing under chapter 18.57 RCW;

(h) One representative each from those insurance carriers that have more than five hundred thousand Washington state subscribers;

(i) A health insurance broker licensed in good standing under chapter 48.17 RCW;

(j) The secretary of the department of social and health services, or designee;

(k) The secretary of the department of health, or designee;

(l) The insurance commissioner, or designee;

(m) The administrator of the health care authority, or designee; and

(n) The chair of the board of directors of the Washington state health insurance pool, or designee.

(3) Appointments to the study group shall be made on or before June 1, 2007. Members of the study group shall be compensated in accordance with RCW 43.03.250 and shall be reimbursed for their travel expenses while on official business in accordance with RCW 43.03.050 and 43.03.060. The study group shall prescribe rules for the conduct of its business. The study group shall choose a chair and a vice-chair from among its members. Meetings of the study group shall be at the call of the chair. Supporting staff to the study group shall be provided by the governor's office and/or the health care authority as deemed necessary.

NEW SECTION. Sec. 203. HEALTH INSURANCE EXCHANGE IMPLEMENTATION PLAN. On or before July 1, 2007, the health care authority shall commission a

comprehensive implementation study to be carried out by an independent firm in consultation with all government agencies and stakeholders affected by changes prescribed in this section. The firm designated for this task shall be provided all nonproprietary information necessary to complete its task in a timely fashion. The recommendations of the study shall be drafted in such a way as to provide a complete and comprehensive plan that will facilitate the expedient implementation of the exchange upon the study's conclusion. The implementation plan shall address the following issues in an actuarially sound and statistically significant manner using independent expertise from the public and private sector as is necessary to complete the task:

(1) The consolidation of markets in the exchange and its effect on consumers:

(a) The implementation plan shall assume the participation and consolidation of the following markets:

(i) Small group health insurance market;

(ii) Individual health insurance market;

(iii) Washington state health insurance pool under chapter 48.41 RCW;

(iv) Basic health plan under chapter 70.47 RCW;

(v) Public employees' benefits board enrollees under chapter 41.05 RCW;

(vi) Public school employees; and

(vii) Association health plans; and

(b) The report shall examine at least the following issues:

(i) The direct impact of these markets participating in the exchange on the consumer, with respect to the utilization of services and cost of health plans offered through the exchange;

(ii) Whether any distinction should be made in participation between active and retired employees enrolled in public employees' benefits board plans, giving consideration to the implicit subsidy that nonmedicare-eligible retirees currently benefit from by being pooled with active employees, and how medicare-eligible retirees would be affected;

(iii) Whether any special allowance or provision can be or needs to be made for employees who are satisfied with their current insurance product that would assure them access to that same product within the exchange;

(iv) The process by which public or private self-funded plans can be modified in such a way to allow them participation as carriers in the exchange. This issue shall be evaluated with special attention paid to the feasibility of incorporating the uniform medical plan of the public employees' benefits board within the exchange to encourage competition between the public and private sector for better risk management, product design, and wellness activities while addressing the effect this would have on consumers and the market as a whole;

(v) The impact of applying the insurance regulations in RCW 48.43.015, 48.43.025, and 48.43.035, on access to health services and the cost of coverage for these markets;

(vi) If the exchange board should be modified in any way to adequately reflect the participation of these markets; and

(vii) Any additional areas of concern relating to carrier participation in the exchange and information necessary to effectively rate plans in a new risk environment.

(2) The risks and benefits of establishing a requirement that residents of the state of Washington age eighteen and over obtain and maintain affordable creditable coverage, as defined in the federal health insurance portability and accountability act of 1996 (42 U.S.C. Sec. 300gg(c)). The report shall address the question of how a requirement that residents maintain coverage could be enforced in the state of Washington.

(3) The participation of categorically needy medicaid and state children's health insurance program enrollees in the exchange. The study shall examine the following issues:

(a) The impact on medicaid and state children's health insurance program enrollees participating in the exchange, with respect to the utilization of services and cost of health plans offered through the exchange;

(b) Whether any distinction should be made between adult and child enrollees;

(c) Opportunities to provide plan design flexibility through medicaid state plan amendments;

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(d) The need for a new section 1115 waiver from the federal government for moving a sizable portion of the medicaid and state children's health insurance program population into a defined contribution model;

(e) A study of other states that have attempted similar reforms involving a defined contribution model within their medicaid population and whether any ideas should be incorporated to facilitate the move of enrollees to the exchange;

(f) Whether any cost savings to the state would result from the incorporation of medicaid and state children's health insurance program enrollees to the exchange;

(g) The effect any such move would have on the premiums of current exchange enrollees;

(h) The capacity of participating carriers in the exchange to properly manage the care of medicaid and state children's health insurance program enrollees;

(i) The impact of expanded choice and cost sharing on medicaid enrollees; and

(j) What specific categories of categorically needy medicaid and state children's health insurance program enrollees, if any, should be excluded from participation in the exchange.

(4) A study of health benefit mandates and insurance statutes and rules to determine the impact on premiums and individuals' health if those statutes or rules were amended or repealed:

(a) The effect this would have on premium rates across the age and health risk spectrum;

(b) Whether adverse selection would occur between carriers and/or benefit plan types; and

(c) What the expected take-up rate of mandate/free plans would be among young adults and other age groups previously uninsured.

(5) Reforming the way health benefit plans are rated for different groups and the process by which they receive approval for market consumption. Possible changes to analyze include but should not be limited to:

(a) Expanding the adjusted community rating band to four hundred twenty-five percent for plans offered through the exchange;

(b) Changing the community rating formula to allow for certain percentage variations between age groups as opposed to one all-encompassing age rating band;

(c) Introducing a separate rating band for young adults between the ages of nineteen and thirty-four to allow for more affordable plans for this population;

(d) Changing the role of the office of insurance commissioner in approving rate submittals by allowing the American academy of actuaries to justify the rate and thus bypassing a costly administrative hurdle;

(e) Expediting the rate-approval process by which plans are able to enter the market by limiting all rate review that is within the acceptable range to thirty days or less; and

(f) Allowing additional rate adjustment flexibility for health insurance carriers and what the optimal range of discretion is for the consumers that purchase those products.

(6) The manner in which premium assistance should be provided to prospective enrollees of the exchange:

(a) What expectation for contribution, if any, should be placed on small and large employers whose employees apply for premium assistance through the exchange;

(b) How the previously negotiated and widely accepted small employer health insurance partnership can be incorporated into the exchange; and

(c) The most effective means for determining contribution levels and what, if any, benchmark plans should be used in such an evaluation.

(7) The most effective means of equitably transferring risk among and between carriers to ensure rampant competition, lower costs, and wider access to health insurance:

(a) An evaluation of risk transfer mechanisms should include a thorough consultation with the office of the insurance commissioner in order to incorporate any previous reports, studies, or other material published by the commissioner in dealing with the subject.

(b) The implementation plan shall fully consider the

following goals for risk transfer arrangements when evaluating the best approach:

(i) Reduction of insurer incentives to avoid risk;

(ii) Ability of insured individuals to find coverage easily and move among plans;

(iii) Incentives for the primary insurer to manage high costs effectively; and

(iv) Ability to stabilize a merged small group and individual health insurance market for carriers and consumers.

(c) A recommendation should be made as to the most effective way of phasing out the Washington state health insurance pool with concurrent implementation of a new risk transfer arrangement.

(8) The streamlined process by which brokers will be compensated for their involvement in bringing new enrollees to the exchange:

(a) What standard commission rate is deemed most appropriate and fair by the various agency and broker associations;

(b) How interaction between employer groups and brokers will be documented and compensated;

(c) How plan information will be shared between the exchange and broker community; and

(d) Other issues that are deemed worthy of addressing to ensure active participation from insurance brokers in the implementation of the exchange.

(9) New employer contribution strategies that will be utilized in the exchange. Strategies to be investigated for their risk and benefit to the employer and employee include:

(a) A set dollar amount or defined contribution;

(b) Pro rata contribution for part-time or seasonal employees based on hours worked;

(c) A percentage of premium contribution with or without a cap; and

(d) Other strategies as they are referred for further investigation and discussion by the exchange board or stakeholders.

(10) The interim study group shall submit a timeline and work plan for the study to the governor and appropriate committees of the legislature by August 1, 2007, to include a schedule of interim study group meetings, a schedule for stakeholder input, a detailed timeline of the study, the identity of the consulting actuarial firm, and any other information necessary to ensure the completion of a comprehensive health insurance exchange study. A final report with findings and recommendations related to each of the items in the study plan and recommendations for next steps shall be completed and submitted to the legislature and governor no later than January 1, 2008.

PART III: MISCELLANEOUS

NEW SECTION. Sec. 301. Part headings and captions used in this act are not any part of the law.

NEW SECTION. Sec. 302. 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 immediately."

Beginning on page 20, line 20 of the title amendment, after "line" strike all material through "date;" on page 21, line 2, and insert "2 of the title, after "state;" insert "amending RCW 70.47A.010, 70.47A.020, 70.47A.030, and 70.47A.040; creating new sections;"

WITHDRAWAL OF AMENDMENT

On motion of Senator Pflug, the amendment by Senator Pflug on page 1, line 24 to the striking amendment to Engrossed Second Substitute House Bill No. 1569 was withdrawn.

MOTION

Senator Pflug moved that the following amendment by Senator Pflug to the striking amendment be adopted.

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On page 1, line 24 of the amendment, after "(2)" strike all material through "(3)" on line 26

On page 2, beginning on line 4 of the amendment, after "employer" strike all material through "(6)" on line 19 and insert "

(3) "Health benefit plan" has the same meaning as defined in RCW 48.43.005 or any plan provided by a self-funded multiple employer welfare arrangement as defined in RCW 48.125.010 or by another benefit arrangement defined in the federal employee retirement income security act of 1974, as amended.

(4) ("~~Program~~")

On page 2, line 21 of the amendment, strike "~~((5))~~ (7)" and insert "(5)"

On page 2, beginning on line 22 of the amendment, after "employer" strike all material through "employment" on line 24

On page 2, line 25 of the amendment, strike "(8)" and insert "(6)"

On page 2, line 27 of the amendment, strike "(9)" and insert "(7)"

On page 2, line 34 of the amendment, strike "(1)"

Beginning on page 3, after line 3 of the amendment, strike all material through "study)." on page 20, line 19, and insert the following:

"PART I: FINDINGS AND INTENT

NEW SECTION. Sec. 101. LEGISLATIVE FINDINGS.

The legislature finds that:

(1) The people of Washington have expressed strong concerns about health care costs and access to needed health services. Even if currently insured, they are not confident that they will continue to have health insurance coverage in the future and feel that they are getting less, but spending more.

(2) Many employers, especially small employers, struggle with the cost of providing employer-sponsored health insurance coverage to their employees, while others are unable to offer employer-sponsored health insurance due to its high cost. In addition, small employers continue to invest a significant amount of their time in the health insurance business as they are the lone gateway to group coverage for their employees. This is time better served meeting their customers' needs and fulfilling the many demands and challenges of our ever-changing marketplace. Even after much research has been done by the employer to secure a health benefit plan that works for everyone, it is, too often, that some individuals are forced into a choice of health care coverage they would have never made on their own, if given that chance.

(3) Six hundred thousand Washingtonians are uninsured. Three-quarters work or have a working family member; two-thirds are low income; and one-half are young adults. Many are low-wage workers who are not offered, or eligible for, employer-sponsored coverage. Others struggle with the burden of paying their share of the costs of employer-sponsored health insurance, while still others turn down their employer's offer of coverage due to its costs.

(4) Lack of portability remains a constant problem as thousands of Washington residents go uninsured every year simply because they are temporarily between jobs or their new job does not offer an affordable option for them. In addition, two-income earner families are punished by the system as they are forced to choose one employer's health insurance plan over another without a chance to collect premium contributions from both.

(5) Access to health insurance and other health care spending has resulted in improved health for many Washingtonians. Yet, we are not receiving as much value as we should for each health care dollar spent in Washington state. By failing to sufficiently focus our efforts on prevention and management of chronic diseases, such as diabetes, asthma, and

heart disease, too many Washingtonians suffer from complications of their illnesses. By failing to make health insurance coverage affordable for low-wage workers and self-employed people, health problems that could be treated in a doctor's office are treated in the emergency room or hospital. By failing to focus on the most effective ways to maintain our health and treat disease, Washingtonians have not made lifestyle changes proven to improve health, nor do they receive the most effective care.

(6) There are very few incentives for young adults, nineteen through thirty years old, to purchase their own health coverage. Young, healthy adults are often quoted rates that are incongruent with their level of risk and do not make financial sense when they look at the cost benefit ratio. By failing to offer the right incentives for this population to enroll in a health insurance plan, we have created layers of problems such as increased uncompensated care and less preventative care being sought.

(7) The concept of a health insurance exchange has the potential for offering a strong value to Washington's health insurance market. It is necessary and advisable to fully consider the potential success and drawbacks of this concept through an interim study group of health policy stakeholders and legislators. The study's findings and recommendations will provide a template or guide for further consideration of health care market reform in Washington state.

NEW SECTION. Sec. 102. LEGISLATIVE INTENT. The legislature intends, through the public/private partnership reflected in this act, to improve our current health care system so that:

(1) Health insurance coverage is more affordable for employers, employees, self-employed people, and other individuals;

(2) The process of choosing and purchasing health insurance coverage is well-informed, clearer, and simpler;

(3) Prevention, chronic care management, wellness, and improved quality of care are a fundamental part of our health care system;

(4) Administrative costs at every level are reduced;

(5) As a result of these changes, more people in Washington state have access to affordable health insurance coverage and health outcomes in Washington state are improved;

(6) More insurance coverage choices are available to all health consumers;

(7) Competition is increased between health plans based on quality, cost, and positive health outcomes;

(8) Employer incentives to keep an employee below twenty hours per week are diminished creating wider access to health insurance for part-time employees and thereby reducing state costs for subsidizing health care to low-wage and part-time workers;

(9) More workers and employers are able to take advantage of section 125 plans to gain tax preferred status for health care premium payments resulting in significantly reduced costs.

PART II: WASHINGTON HEALTH INSURANCE EXCHANGE

NEW SECTION. Sec. 201. The definitions in this section apply throughout this act unless the context clearly requires otherwise.

(1) "Carrier" means a carrier as defined in RCW 48.43.005.

(2) "Commissioner" means the insurance commissioner established under RCW 48.02.010.

(3) "Health plan" or "health benefit plan" means a health plan or health benefit plan as defined in RCW 48.43.005.

(4) "Small employer" or "small group" means a business as defined in RCW 48.43.005(24).

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NEW SECTION. Sec. 202. (1) The Washington state health insurance exchange interim study group is hereby established. The function of the group is to thoroughly study the health insurance exchange concept and all possible implications of its full introduction in Washington state.

(2) The study group shall be composed of twenty members. Four members of the legislature, two from the house of representatives, one from each of the two largest caucuses, and two from the senate, one from each of the two largest caucuses. The remaining sixteen members will be appointed by the governor as follows:

- (a) One member of the governor's policy staff;
- (b) One representative of small employers;
- (c) One employee health plan benefits specialist;
- (d) One representative of health care consumers;
- (e) One representative of public employees;
- (f) One representative of a business association that offers its members access to an association health plan;
- (g) A physician licensed in good standing under chapter 18.57 RCW;
- (h) One representative each from those insurance carriers that have more than five hundred thousand Washington state subscribers;
- (i) A health insurance broker licensed in good standing under chapter 48.17 RCW;
- (j) The secretary of the department of social and health services, or designee;
- (k) The secretary of the department of health, or designee;
- (l) The insurance commissioner, or designee;
- (m) The administrator of the health care authority, or designee; and
- (n) The chair of the board of directors of the Washington state health insurance pool, or designee.

(3) Appointments to the study group shall be made on or before June 1, 2007. Members of the study group shall be compensated in accordance with RCW 43.03.250 and shall be reimbursed for their travel expenses while on official business in accordance with RCW 43.03.050 and 43.03.060. The study group shall prescribe rules for the conduct of its business. The study group shall choose a chair and a vice-chair from among its members. Meetings of the study group shall be at the call of the chair. Supporting staff to the study group shall be provided by the governor's office and/or the health care authority as deemed necessary.

NEW SECTION. Sec. 203. HEALTH INSURANCE EXCHANGE IMPLEMENTATION RECOMMENDATIONS. On or before July 1, 2007, the health care authority shall commission a comprehensive implementation study to be carried out by an independent firm in consultation with all government agencies and stakeholders affected by changes prescribed in this section. The firm designated for this task shall be provided all nonproprietary information necessary to complete its task in a timely fashion. The recommendations of the study shall be drafted in such a way as to provide a complete and comprehensive plan that will facilitate the expedient implementation of the exchange upon the study's conclusion. The implementation recommendations shall address the following issues in an actuarially sound and statistically significant manner using independent expertise from the public and private sector as is necessary to complete the task:

(1) The consolidation of markets in the exchange and its effect on consumers:

- (a) The implementation study shall examine the participation and consolidation of the following markets:
 - (i) Small group health insurance market;
 - (ii) Individual health insurance market;
 - (iii) Washington state health insurance pool under chapter 48.41 RCW;
 - (iv) Basic health plan under chapter 70.47 RCW;

(v) Public employees' benefits board enrollees under chapter 41.05 RCW;

- (vi) Public school employees; and
- (vii) Association health plans; and

(b) The report shall examine at least the following issues:

(i) The direct impact of these markets participating in the exchange on the consumer, with respect to the utilization of services and cost of health plans offered through the exchange;

(ii) Whether any distinction should be made in participation between active and retired employees enrolled in public employees' benefits board plans, giving consideration to the implicit subsidy that nonmedicare-eligible retirees currently benefit from by being pooled with active employees, and how medicare-eligible retirees would be affected;

(iii) Whether any special allowance or provision can be or needs to be made for employees who are satisfied with their current insurance product that would assure them access to that same product within the exchange;

(iv) The process by which public or private self-funded plans can be modified in such a way to allow them participation as carriers in the exchange. This issue shall be evaluated with special attention paid to the feasibility of incorporating the uniform medical plan of the public employees' benefits board within the exchange to encourage competition between the public and private sector for better risk management, product design, and wellness activities while addressing the effect this would have on consumers and the market as a whole;

(v) The impact of applying the insurance regulations in RCW 48.43.015, 48.43.025, and 48.43.035, on access to health services and the cost of coverage for these markets;

(vi) If the exchange board should be modified in any way to adequately reflect the participation of these markets; and

(vii) Any additional areas of concern relating to carrier participation in the exchange and information necessary to effectively rate plans in a new risk environment.

(2) The risks and benefits of establishing a requirement that residents of the state of Washington age eighteen and over obtain and maintain affordable creditable coverage, as defined in the federal health insurance portability and accountability act of 1996 (42 U.S.C. Sec. 300gg(c)). The report shall address the question of how a requirement that residents maintain coverage could be enforced in the state of Washington.

(3) The participation of categorically needy medicaid and state children's health insurance program enrollees in the exchange. The study shall examine the following issues:

(a) The impact on medicaid and state children's health insurance program enrollees participating in the exchange, with respect to the utilization of services and cost of health plans offered through the exchange;

(b) Whether any distinction should be made between adult and child enrollees;

(c) Opportunities to provide plan design flexibility through medicaid state plan amendments;

(d) The need for a new section 1115 waiver from the federal government for moving a sizable portion of the medicaid and state children's health insurance program population into a defined contribution model;

(e) A study of other states that have attempted similar reforms involving a defined contribution model within their medicaid population and whether any ideas should be incorporated to facilitate the move of enrollees to the exchange;

(f) Whether any cost savings to the state would result from the incorporation of medicaid and state children's health insurance program enrollees to the exchange;

(g) The effect any such move would have on the premiums of current exchange enrollees;

(h) The capacity of participating carriers in the exchange to properly manage the care of medicaid and state children's health insurance program enrollees;

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(i) The impact of expanded choice and cost sharing on medicaid enrollees; and

(j) What specific categories of categorically needy medicaid and state children's health insurance program enrollees, if any, should be excluded from participation in the exchange.

(4) A study of health benefit mandates and insurance statutes and rules to determine the impact on premiums and individuals' health if those statutes or rules were amended or repealed:

(a) The effect this would have on premium rates across the age and health risk spectrum;

(b) Whether adverse selection would occur between carriers and/or benefit plan types; and

(c) What the expected take-up rate of mandate free plans would be among young adults and other age groups previously uninsured.

(5) Reforming the way health benefit plans are rated for different groups and the process by which they receive approval for market consumption. Possible changes to analyze include but should not be limited to:

(a) Expanding the adjusted community rating band to four hundred twenty-five percent for plans offered through the exchange;

(b) Changing the community rating formula to allow for certain percentage variations between age groups as opposed to one all-encompassing age rating band;

(c) Introducing a separate rating band for young adults between the ages of nineteen and thirty-four to allow for more affordable plans for this population;

(d) Changing the role of the office of insurance commissioner in approving rate submittals by allowing the American academy of actuaries to justify the rate and thus bypassing a costly administrative hurdle;

(e) Expediting the rate-approval process by which plans are able to enter the market by limiting all rate review that is within the acceptable range to thirty days or less; and

(f) Allowing additional rate adjustment flexibility for health insurance carriers and what the optimal range of discretion is for the consumers that purchase those products.

(6) The manner in which premium assistance should be provided to prospective enrollees of the exchange:

(a) What expectation for contribution, if any, should be placed on small and large employers whose employees apply for premium assistance through the exchange;

(b) How the previously negotiated and widely accepted small employer health insurance partnership can be incorporated into the exchange; and

(c) The most effective means for determining contribution levels and what, if any, benchmark plans should be used in such an evaluation.

(7) The most effective means of equitably transferring risk among and between carriers to ensure rampant competition, lower costs, and wider access to health insurance:

(a) An evaluation of risk transfer mechanisms should include a thorough consultation with the office of the insurance commissioner in order to incorporate any previous reports, studies, or other material published by the commissioner in dealing with the subject.

(b) The implementation plan shall fully consider the following goals for risk transfer arrangements when evaluating the best approach:

(i) Reduction of insurer incentives to avoid risk;

(ii) Ability of insured individuals to find coverage easily and move among plans;

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(iv) Ability to stabilize a merged small group and individual health insurance market for carriers and consumers.

(c) A recommendation should be made as to the most effective way of phasing out the Washington state health insurance pool with concurrent implementation of a new risk transfer arrangement.

(8) The streamlined process by which brokers will be compensated for their involvement in bringing new enrollees to the exchange:

(a) What standard commission rate is deemed most appropriate and fair by the various agency and broker associations;

(b) How interaction between employer groups and brokers will be documented and compensated;

(c) How plan information will be shared between the exchange and broker community; and

(d) Other issues that are deemed worthy of addressing to ensure active participation from insurance brokers in the implementation of the exchange.

(9) New employer contribution strategies that will be utilized in the exchange. Strategies to be investigated for their risk and benefit to the employer and employee include:

(a) A set dollar amount or defined contribution;

(b) Pro rata contribution for part-time or seasonal employees based on hours worked;

(c) A percentage of premium contribution with or without a cap; and

(d) Other strategies as they are referred for further investigation and discussion by the exchange board or stakeholders.

(10) The interim study group shall submit a timeline and work plan for the study to the governor and appropriate committees of the legislature by August 1, 2007, to include a schedule of interim study group meetings, a schedule for stakeholder input, a detailed timeline of the study, the identity of the consulting actuarial firm, and any other information necessary to ensure the completion of a comprehensive health insurance exchange study. A final report with findings and recommendations related to each of the items in the study plan and recommendations for next steps shall be completed and submitted to the legislature and governor no later than January 1, 2008.

PART III: MISCELLANEOUS

NEW SECTION. Sec. 301. Part headings and captions used in this act are not any part of the law.

NEW SECTION. Sec. 302. 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 immediately."

Beginning on page 20, line 20 of the title amendment, after "line" strike all material through "date;" on page 21, line 2, and insert "2 of the title, after "state;" insert "amending RCW 70.47A.010, 70.47A.020, 70.47A.030, and 70.47A.040; creating new sections;"

WITHDRAWAL OF AMENDMENT

On motion of Senator Pflug, the amendment by Senator Pflug on page 1, line 24 to the striking amendment to Engrossed Second Substitute House Bill No. 1569 was withdrawn.

MOTION

Senator Parlette moved that the following amendment by Senators Parlette and Haugen to the striking amendment be adopted.

On page 3, at the beginning of line 4 of the amendment, strike all material through page 20, line 19 and insert the following:

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"NEW SECTION. Sec. 4. A new section is added to chapter 41.05 RCW to read as follows:

(1) The authority, in collaboration with an advisory board established under subsection (3) of this section, shall design a Washington health insurance connector and submit implementing legislation and supporting information, including funding options, to the governor and the legislature by December 1, 2007. The connector shall be designed to serve as a statewide, public-private partnership, offering maximum value for Washington state residents, through which nonlarge group health insurance may be bought and sold. It is the goal of the connector to:

(a) Ensure that employees of small businesses and other individuals can find affordable health insurance;

(b) Provide a mechanism for small businesses to contribute to their employees' coverage without the administrative burden of directly shopping or contracting for insurance;

(c) Ensure that individuals can access coverage as they change and/or work in multiple jobs;

(d) Coordinate with other state agency health insurance assistance programs, including the department of social and health services medical assistance programs and the authority's basic health program; and

(e) Lead the health insurance marketplace in implementation of evidence-based medicine, data transparency, prevention and wellness incentives, and outcome-based reimbursement.

(2) In designing the connector, the authority shall:

(a) Address all operational and governance issues;

(b) Consider best practices in the private and public sectors regarding, but not limited to, such issues as risk and/or purchasing pooling, market competition drivers, risk selection, and consumer choice and responsibility incentives; and

(c) Address key functions of the connector, including but not limited to:

(i) Methods for small businesses and their employees to realize tax benefits from their financial contributions;

(ii) Options for offering choice among a broad array of affordable insurance products designed to meet individual needs, including waiving some current regulatory requirements. Options may include a health savings account/high-deductible health plan, a comprehensive health benefit plan, and other benchmark plans;

(iii) Benchmarking health insurance products to a reasonable standard to enable individuals to make an informed choice of the coverage that is right for them;

(iv) Aggregating premium contributions for an individual from multiple sources: Employers, individuals, philanthropies, and government;

(v) Mechanisms to collect and distribute workers' enrollment information and premium payments to the health plan of their choice;

(vi) Mechanisms for spreading health risk widely to support health insurance premiums that are more affordable;

(vii) Opportunities to reward carriers and consumers whose behavior is consistent with quality, efficiency, and evidence-based best practices;

(viii) Coordination of the transmission of premium assistance payments with the department of social and health services for individuals eligible for the department's employer-sponsored insurance program.

(3) The authority shall appoint an advisory board and designate a chair. Members of the advisory board shall receive no compensation, but shall be reimbursed for expenses under RCW 43.03.050 and 43.03.060. Meetings of the board are subject to chapter 42.30 RCW, the open public meetings act, including RCW 42.30.110(1)(l), which authorizes an executive session during a regular or special meeting to consider proprietary or confidential unpublished information.

(4) The authority may enter into contracts to issue, distribute, and administer grants that are necessary or proper to carry out

the requirements of this section.

Sec. 2. RCW 70.47A.040 and 2006 c 255 s 4 are each amended to read as follows:

(1) Beginning July 1, 2007, the administrator shall accept applications from eligible employees, on behalf of themselves, their spouses, and their dependent children, to receive premium subsidies through the small employer health insurance partnership program.

(2) Premium subsidy payments may be provided to eligible employees ~~((f:))~~ or participating carriers on behalf of employees.

(a) The eligible employee ~~((s))~~ must be employed by a small employer~~((:)).~~

~~((The actuarial value of the health benefit plan offered by the small employer is at least equivalent to that of the basic health plan benefit offered under chapter 70.47 RCW. The office of the insurance commissioner under Title 48 RCW shall certify those small employer health benefit plans that are at least actuarially equivalent to the basic health plan benefit; and))~~ Small employers may offer any available health benefit plan including health savings accounts. Health savings account subsidy payments may be provided to eligible employees if the eligible employee participates in an employer-sponsored high deductible health plan and health savings account that conforms to the requirements of the United States internal revenue service.

(c) The small employer will pay at least forty percent of the monthly premium cost for health benefit plan coverage of the eligible employee.

(3) The amount of an eligible employee's premium subsidy shall be determined by applying the sliding scale subsidy schedule developed for subsidized basic health plan enrollees under RCW 70.47.060 to the employee's premium obligation for his or her employer's health benefit plan.

(4) After an eligible individual has enrolled in the program, the program shall issue subsidies in an amount determined pursuant to subsection (3) of this section to either the eligible employee or to the carrier designated by the eligible employee.

(5) An eligible employee must agree to provide verification of continued enrollment in his or her small employer's health benefit plan on a semiannual basis or to notify the administrator whenever his or her enrollment status changes, whichever is earlier. Verification or notification may be made directly by the employee, or through his or her employer or the carrier providing the small employer health benefit plan. When necessary, the administrator has the authority to perform retrospective audits on premium subsidy accounts. The administrator may suspend or terminate an employee's participation in the program and seek repayment of any subsidy amounts paid due to the omission or misrepresentation of an applicant or enrolled employee. The administrator shall adopt rules to define the appropriate application of these sanctions and the processes to implement the sanctions provided in this subsection, within available resources."

Beginning on page 20, line 20 of the title amendment, after "line" strike all material through "emergency" on page 21, line 3, and insert "2 of the title, after "state;" insert "amending RCW 70.47A.040, and creating a new section"

Senator Parlette spoke in favor of adoption of the amendment to the striking amendment.

Senator Keiser spoke against adoption of the amendment to the striking amendment.

Senator Schoesler demanded a roll call.

The President declared that one-sixth of the members supported the demand and the demand was sustained.

The President declared the question before the Senate to be the adoption of the amendment by Senators Parlette and Haugen

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on page 3, line 4 to the striking amendment to Engrossed Second Substitute House Bill No. 1569.

ROLL CALL

The Secretary called the roll on the adoption of the amendment by Senator Parlette to the striking amendment and the amendment was not adopted by the following vote: Yeas, 22; Nays, 26; Absent, 0; Excused, 1.

Voting yea: Senators Benton, Brandland, Carrell, Clements, Delvin, Hatfield, Haugen, Hewitt, Hobbs, Holmquist, Honeyford, Kilmer, McCaslin, Morton, Parlette, Pflug, Roach, Schoesler, Sheldon, Stevens, Swecker and Zarelli - 22

Voting nay: Senators Berkey, Brown, Eide, Fairley, Franklin, Fraser, Jacobsen, Kastama, Kauffman, Keiser, Kline, Kohl-Welles, Marr, McAuliffe, Murray, Oemig, Poulsen, Prentice, Pridemore, Rasmussen, Regala, Rockefeller, Shin, Spanel, Tom and Weinstein - 26

Excused: Senator Hargrove - 1

MOTION

Senator Kastama moved that the following amendment by Senators Kastama, Jacobsen and Haugen to the striking amendment be adopted.

On page 4, line 18 after "partnership." insert "Employees shall not be eligible for premium assistance if they have immediately transitioned from employer-sponsored insurance, until they have fulfilled a six month waiting period. During that time, the employee may participate in the program but not receive state sponsored premium assistance."

Senators Kastama and Keiser spoke in favor of adoption of the amendment to the striking amendment.

The President declared the question before the Senate to be the adoption of the amendment by Senators Kastama, Jacobsen and Haugen on page 4, line 18 to the striking amendment to Engrossed Second Substitute House Bill No. 1569.

The motion by Senator Kastama carried and the amendment to the striking amendment was adopted by voice vote.

MOTION

Senator Keiser moved that the following amendment by Senator Keiser to the striking amendment be adopted.

On page 4, line 26 after "appoint a" strike all material down through line 31, and insert "a seven-member health insurance partnership board by June 30, 2007. The board shall be composed of persons with expertise in the health insurance market and benefit design, and be chaired by the administrator."

On page 4, line 2 after "business." strike "The administrator shall be the chair of the board."

Senators Keiser and Parlette spoke in favor of adoption of the amendment to the striking amendment.

The President declared the question before the Senate to be the adoption of the amendment by Senator Keiser on page 4, line 26 to the striking amendment to Engrossed Second Substitute House Bill No. 1569.

The motion by Senator Keiser carried and the amendment to the striking amendment was adopted by voice vote.

MOTION

Senator Pflug moved that the following amendment by Senator Pflug to the striking amendment be adopted.

Beginning on page 6, line 22, strike all material after "Sec.

6." through page 7, line 26, and insert the following: "RCW 70.47A.040 and 2006 c 255 s 4 are each amended to read as follows:

(1) Beginning July 1, 2007, the administrator shall accept applications from eligible employees, on behalf of themselves, their spouses, and their dependent children, to receive premium subsidies through the small employer health insurance partnership program.

(2) Premium subsidy payments may be provided to eligible employees if: (a) The eligible employee is employed by a small employer; and

(b) ~~((The actuarial value of the health benefit plan offered by the small employer is at least equivalent to that of the basic health plan benefit offered under chapter 70.47 RCW. The office of the insurance commissioner under Title 48 RCW shall certify those small employer health benefit plans that are at least actuarially equivalent to the basic health plan benefit; and))~~

Small employers may offer any available health benefit plan including health savings accounts. Health savings account subsidy payments may be provided to eligible employees if the eligible employee participates in an employer-sponsored high deductible health plan and health savings account that conforms to the requirements of the United States internal revenue service.

c) The small employer will pay at least forty percent of the monthly premium cost for health benefit plan coverage of the eligible employee.

(3) The amount of an eligible employee's premium subsidy shall be determined by applying the sliding scale subsidy schedule developed for subsidized basic health plan enrollees under RCW 70.47.060 to the employee's premium obligation for his or her employer's health benefit plan.

(4) After an eligible individual has enrolled in the program, the program shall issue subsidies in an amount determined pursuant to subsection (3) of this section to either the eligible employee or to the carrier designated by the eligible employee.

(5) An eligible employee must agree to provide verification of continued enrollment in his or her small employer's health benefit plan on a semiannual basis or to notify the administrator whenever his or her enrollment status changes, whichever is earlier. Verification or notification may be made directly by the employee, or through his or her employer or the carrier providing the small employer health benefit plan. When necessary, the administrator has the authority to perform retrospective audits on premium subsidy accounts. The administrator may suspend or terminate an employee's participation in the program and seek repayment of any subsidy amounts paid due to the omission or misrepresentation of an applicant or enrolled employee. The administrator shall adopt rules to define the appropriate application of these sanctions and the processes to implement the sanctions provided in this subsection, within available resources."

WITHDRAWAL OF AMENDMENT

On motion of Senator Pflug, the amendment by Senator Pflug on page 6, line 22 to the striking amendment to Engrossed Second Substitute House Bill No. 1569 was withdrawn.

MOTION

Senator Keiser moved that the following amendment by Senator Keiser to the striking amendment be adopted.

On page 17, line 24 after "submit a" insert "preliminary"

On page 18, line 1 after "before" strike "December", and insert "September".

On line 11 after "and" insert "(v) Any final recommendations for the individual and small group markets, relevant to the study outlined in section 10 of this act; and"

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Senator Keiser spoke in favor of adoption of the amendment to the striking amendment.

The President declared the question before the Senate to be the adoption of the amendment by Senator Keiser on page 17, line 24 to the striking amendment to Engrossed Second Substitute House Bill No. 1569.

The motion by Senator Keiser carried and the amendment to the striking amendment was adopted by voice vote.

The President declared the question before the Senate to be the adoption of the striking amendment by Senators Keiser and Franklin as amended to Engrossed Second Substitute House Bill No. 1569.

The motion by Senator Keiser carried and the striking amendment as amended was adopted by voice vote.

MOTION

There being no objection, the following title amendment was adopted:

On page 1, line 1 of the title, after "Relating to" strike the remainder of the title and insert "improving health insurance coverage by establishing a health insurance partnership for the purchase of small employer health insurance coverage, evaluating the inclusion of additional health insurance markets in the health insurance partnership, and studying the impact of health insurance mandates; amending RCW 70.47A.010, 70.47A.020, 70.47A.030, 70.47A.040, 48.21.045, 48.44.023, 48.46.066, 70.47A.050, 70.47A.060, and 70.47A.080; adding new sections to chapter 70.47A RCW; creating new sections; repealing 2006 c 255 s 10 (uncodified); providing an effective date; and declaring an emergency."

MOTION

On motion of Senator Keiser, the rules were suspended, Engrossed Second Substitute House Bill No. 1569 as amended by the Senate was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senators Keiser, Prentice and Franklin spoke in favor of passage of the bill.

Senators Zarelli and Parlette spoke against passage of the bill.

The President declared the question before the Senate to be the final passage of Engrossed Second Substitute House Bill No. 1569 as amended by the Senate.

ROLL CALL

The Secretary called the roll on the final passage of Engrossed Second Substitute House Bill No. 1569 as amended by the Senate and the bill passed the Senate by the following vote: Yeas, 28; Nays, 20; Absent, 0; Excused, 1.

Voting yea: Senators Berkey, Brown, Eide, Fairley, Franklin, Fraser, Hatfield, Jacobsen, Kastama, Kauffman, Keiser, Kilmer, Kline, Kohl-Welles, Marr, McAuliffe, Murray, Oemig, Poulsen, Prentice, Pridemore, Rasmussen, Regala, Rockefeller, Shin, Spanel, Tom and Weinstein - 28

Voting nay: Senators Benton, Brandland, Carrell, Clements, Delvin, Haugen, Hewitt, Hobbs, Holmquist, Honeyford, McCaslin, Morton, Parlette, Pflug, Roach, Schoesler, Sheldon, Stevens, Swecker and Zarelli - 20

Excused: Senator Hargrove - 1

ENGROSSED SECOND SUBSTITUTE HOUSE BILL NO. 1569 as amended by the Senate, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

MOTION

Senator Schoesler moved that the remarks on final passage of Engrossed Second Substitute House Bill No. 1569 be spread upon the Journal.

The President declared the question before the Senate to be the motion by Senator Schoesler that the remarks of the final passage of Engrossed Second Substitute House Bill No. 1569 be spread upon the Journal.

The motion by Senator Schoesler failed on a rising voice vote.

MOTION

At 5:25 p.m. on motion of Senator Eide the Senate was recessed until 6:30 p.m.

EVENING SESSION

The Senate was called to order at 6:30 p.m. by President Owen.

SECOND READING CONFIRMATION OF GUBERNATORIAL APPOINTMENTS

MOTION

Senator Spanel moved that Gubernatorial Appointment No. 9004, Yvonne Bianchi, as a member of the Board of Trustees, Bellingham Technical College District No. 25, be confirmed.

Senator Spanel spoke in favor of the motion.

MOTION

On motion of Senator Parlette, Senators Brandland, Carrell, Delvin, Hewitt, McCaslin, Morton, Pflug, Stevens and Zarelli were excused.

APPOINTMENT OF YVONNE BIANCHI

The President declared the question before the Senate to be the confirmation of Gubernatorial Appointment No. 9004, Yvonne Bianchi as a member of the Board of Trustees, Bellingham Technical College District No. 25.

The Secretary called the roll on the confirmation of Gubernatorial Appointment No. 9004, Yvonne Bianchi as a member of the Board of Trustees, Bellingham Technical College District No. 25 and the appointment was confirmed by the following vote: Yeas, 38; Nays, 0; Absent, 4; Excused, 7.

Voting yea: Senators Berkey, Brandland, Brown, Clements, Eide, Fairley, Franklin, Fraser, Hatfield, Haugen, Hobbs, Honeyford, Jacobsen, Kastama, Kilmer, Kline, Marr, McAuliffe, Morton, Murray, Oemig, Parlette, Poulsen, Prentice, Pridemore, Rasmussen, Regala, Roach, Rockefeller, Schoesler, Sheldon, Shin, Spanel, Stevens, Swecker, Tom, Weinstein and Zarelli - 38

Absent: Senators Benton, Kauffman, Keiser and Kohl-Welles - 4

Excused: Senators Carrell, Delvin, Hargrove, Hewitt, Holmquist, McCaslin and Pflug - 7

Gubernatorial Appointment No. 9004, Yvonne Bianchi, having received the constitutional majority was declared confirmed as a member of the Board of Trustees, Bellingham Technical College District No. 25.

SECOND READING CONFIRMATION OF GUBERNATORIAL APPOINTMENTS

MOTION

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Senator Brandland moved that Governorial Appointment No. 9015, James Cunningham, as a member of the Board of Trustees, Bellingham Technical College District No. 25, be confirmed.

Senator Brandland spoke in favor of the motion.

MOTION

On motion of Senator Regala, Senators Kauffman, Keiser and Kohl-Welles were excused.

APPOINTMENT OF JAMES CUNNINGHAM

The President declared the question before the Senate to be the confirmation of Governorial Appointment No. 9015, James Cunningham as a member of the Board of Trustees, Bellingham Technical College District No. 25.

The Secretary called the roll on the confirmation of Governorial Appointment No. 9015, James Cunningham as a member of the Board of Trustees, Bellingham Technical College District No. 25 and the appointment was confirmed by the following vote: Yeas, 45; Nays, 0; Absent, 0; Excused, 4.

Voting yea: Senators Benton, Berkey, Brandland, Brown, Carrell, Clements, Delvin, Eide, Fairley, Franklin, Fraser, Hatfield, Haugen, Hewitt, Hobbs, Holmquist, Honeyford, Jacobsen, Kastama, Kauffman, Kilmer, Kline, Marr, McAuliffe, McCaslin, Morton, Murray, Oemig, Parlette, Poulsen, Prentice, Pridemore, Rasmussen, Regala, Roach, Rockefeller, Schoesler, Sheldon, Shin, Spanel, Stevens, Swecker, Tom, Weinstein and Zarelli - 45

Excused: Senators Hargrove, Keiser, Kohl-Welles and Pflug - 4

Governatorial Appointment No. 9015, James Cunningham, having received the constitutional majority was declared confirmed as a member of the Board of Trustees, Bellingham Technical College District No. 25.

SECOND READING

CONFIRMATION OF GUBERNATORIAL APPOINTMENTS

MOTION

Senator Brandland moved that Governorial Appointment No. 9246, Jeffrey J. Kochman, as a member of the Board of Trustees, Bellingham Technical College District No. 25, be confirmed.

Senator Brandland spoke in favor of the motion.

APPOINTMENT OF JEFFREY J. KOCHMAN

The President declared the question before the Senate to be the confirmation of Governorial Appointment No. 9246, Jeffrey J. Kochman as a member of the Board of Trustees, Bellingham Technical College District No. 25.

The Secretary called the roll on the confirmation of Governorial Appointment No. 9246, Jeffrey J. Kochman as a member of the Board of Trustees, Bellingham Technical College District No. 25 and the appointment was confirmed by the following vote: Yeas, 45; Nays, 0; Absent, 0; Excused, 4.

Voting yea: Senators Benton, Berkey, Brandland, Brown, Carrell, Clements, Delvin, Eide, Fairley, Franklin, Fraser, Hatfield, Haugen, Hewitt, Hobbs, Holmquist, Honeyford, Jacobsen, Kastama, Kauffman, Kilmer, Kline, Marr, McAuliffe, McCaslin, Morton, Murray, Oemig, Parlette, Poulsen, Prentice, Pridemore, Rasmussen, Regala, Roach, Rockefeller, Schoesler, Sheldon, Shin, Spanel, Stevens, Swecker, Tom, Weinstein and Zarelli - 45

Excused: Senators Hargrove, Keiser, Kohl-Welles and Pflug - 4

Governatorial Appointment No. 9246, Jeffrey J. Kochman, having received the constitutional majority was declared confirmed as a member of the Board of Trustees, Bellingham Technical College District No. 25.

SECOND READING

SUBSTITUTE HOUSE BILL NO. 1140, by House Committee on Technology, Energy & Communications (originally sponsored by Representatives McCoy, Crouse, Grant and Blake)

Allowing for the net meter aggregation of electricity.

The measure was read the second time.

MOTION

Senator Poulsen moved that the following committee striking amendment by the Committee on Water, Energy & Telecommunications be not adopted.

Strike everything after the enacting clause and insert the following:

"Sec. 1. RCW 80.60.010 and 2006 c 201 s 1 are each amended to read as follows:

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

(1) "Commission" means the utilities and transportation commission.

(2) "Customer-generator" means a user of a net metering system.

(3) "Electrical company" means a company owned by investors that meets the definition of RCW 80.04.010.

(4) "Electric cooperative" means a cooperative or association organized under chapter 23.86 or 24.06 RCW.

(5) "Electric utility" means any electrical company, public utility district, irrigation district, port district, electric cooperative, or municipal electric utility that is engaged in the business of distributing electricity to retail electric customers in the state.

(6) "Irrigation district" means an irrigation district under chapter 87.03 RCW.

(7) "Meter aggregation" means the administrative combination of readings from and billing for all meters, regardless of the rate class, on premises owned or leased by a customer-generator located within the service territory of a single electric utility.

(8) "Municipal electric utility" means a city or town that owns or operates an electric utility authorized by chapter 35.92 RCW.

~~((8))~~ (9) "Net metering" means measuring the difference between the electricity supplied by an electric utility and the electricity generated by a customer-generator over the applicable billing period.

~~((9))~~ (10) "Net metering system" means a fuel cell, a facility that produces electricity and used and useful thermal energy from a common fuel source, or a facility for the production of electrical energy that generates renewable energy, and that:

(a) Has an electrical generating capacity of not more than one hundred kilowatts;

(b) Is located on the customer-generator's premises;

(c) Operates in parallel with the electric utility's transmission and distribution facilities; and

(d) Is intended primarily to offset part or all of the customer-generator's requirements for electricity.

~~((10))~~ (11) "Premises" means any residential property, commercial real estate, or lands, owned or leased by a customer-generator within the service area of a single electric utility.

(12) "Port district" means a port district within which an industrial development district has been established as authorized by Title 53 RCW.

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~~((+1))~~ (13) "Public utility district" means a district authorized by chapter 54.04 RCW.

~~((+2))~~ (14) "Renewable energy" means energy generated by a facility that uses water, wind, solar energy, or biogas from animal waste as a fuel.

Sec. 2. RCW 80.60.020 and 2006 c 201 s 2 are each amended to read as follows:

(1) An electric utility:

~~((+))~~ (a) Shall offer to make net metering available to eligible customers-generators on a first-come, first-served basis until the cumulative generating capacity of net metering systems equals 0.25 percent of the utility's peak demand during 1996. On January 1, 2014, the cumulative generating capacity available to net metering systems will equal 0.5 percent of the utility's peak demand during 1996. Not less than one-half of the utility's 1996 peak demand available for net metering systems shall be reserved for the cumulative generating capacity attributable to net metering systems that generate renewable energy;

~~((2))~~ (b) Shall allow net metering systems to be interconnected using a standard kilowatt-hour meter capable of registering the flow of electricity in two directions, unless the commission, in the case of an electrical company, or the appropriate governing body, in the case of other electric utilities, determines, after appropriate notice and opportunity for comment:

~~((a))~~ (i) That the use of additional metering equipment to monitor the flow of electricity in each direction is necessary and appropriate for the interconnection of net metering systems, after taking into account the benefits and costs of purchasing and installing additional metering equipment; and

~~((b))~~ (ii) How the cost of purchasing and installing an additional meter is to be allocated between the customer-generator and the utility;

~~((3))~~ (c) Shall charge the customer-generator a minimum monthly fee that is the same as other customers of the electric utility in the same rate class, but shall not charge the customer-generator any additional standby, capacity, interconnection, or other fee or charge unless the commission, in the case of an electrical company, or the appropriate governing body, in the case of other electric utilities, determines, after appropriate notice and opportunity for comment that:

~~((a))~~ (i) The electric utility will incur direct costs associated with interconnecting or administering net metering systems that exceed any offsetting benefits associated with these systems; and

~~((b))~~ (ii) Public policy is best served by imposing these costs on the customer-generator rather than allocating these costs among the utility's entire customer base.

(2) If a production meter and software is required by the electric utility to provide meter aggregation under RCW 80.60.030(4), the customer-generator is responsible for the purchase of the production meter and software.

Sec. 3. RCW 80.60.030 and 2006 c 201 s 3 are each amended to read as follows:

Consistent with the other provisions of this chapter, the net energy measurement must be calculated in the following manner:

(1) The electric utility shall measure the net electricity produced or consumed during the billing period, in accordance with normal metering practices.

(2) If the electricity supplied by the electric utility exceeds the electricity generated by the customer-generator and fed back to the electric utility during the billing period, the customer-generator shall be billed for the net electricity supplied by the electric utility, in accordance with normal metering practices.

(3) If electricity generated by the customer-generator exceeds the electricity supplied by the electric utility, the customer-generator:

(a) Shall be billed for the appropriate customer charges for that billing period, in accordance with RCW 80.60.020; and

(b) Shall be credited for the excess kilowatt-hours generated during the billing period, with this kilowatt-hour credit appearing on the bill for the following billing period.

(4) If a customer-generator requests, an electric utility shall provide meter aggregation.

(a) For customer-generators participating in meter aggregation, kilowatt-hours credits earned by a net metering system during the billing period first shall be used to offset electricity supplied by the electric utility.

(b) Excess kilowatt-hours credits earned by the net metering system, during the same billing period, shall be credited equally by the electric utility to remaining meters located on all premises of a customer-generator at the designated rate of each meter.

(c) Meters so aggregated shall not change rate classes due to meter aggregation under this section.

(5) On April 30th of each calendar year, any remaining unused kilowatt-hour credit accumulated during the previous year shall be granted to the electric utility, without any compensation to the customer-generator."

On page 1, line 1 of the title, after "electricity," strike the remainder of the title and insert "and amending RCW 80.60.010, 80.60.020, and 80.60.030."

The President declared the question before the Senate to be the motion by Senator Poulsen to not adopt the committee striking amendment by the Committee on Water, Energy & Telecommunications to Substitute House Bill No. 1140.

The motion by Senator Poulsen carried and the committee striking amendment was not adopted by voice vote.

MOTION

Senator Poulsen moved that the following striking amendment by Senators Poulsen and Honeyford be adopted:

Strike everything after the enacting clause and insert the following:

"Sec. 1. RCW 80.60.010 and 2006 c 201 s 1 are each amended to read as follows:

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

(1) "Commission" means the utilities and transportation commission.

(2) "Customer-generator" means a user of a net metering system.

(3) "Electrical company" means a company owned by investors that meets the definition of RCW 80.04.010.

(4) "Electric cooperative" means a cooperative or association organized under chapter 23.86 or 24.06 RCW.

(5) "Electric utility" means any electrical company, public utility district, irrigation district, port district, electric cooperative, or municipal electric utility that is engaged in the business of distributing electricity to retail electric customers in the state.

(6) "Irrigation district" means an irrigation district under chapter 87.03 RCW.

(7) "Meter aggregation" means the administrative combination of readings from and billing for all meters, regardless of the rate class, on premises owned or leased by a customer-generator located within the service territory of a single electric utility.

(8) "Municipal electric utility" means a city or town that owns or operates an electric utility authorized by chapter 35.92 RCW.

~~((8))~~ (9) "Net metering" means measuring the difference between the electricity supplied by an electric utility and the electricity generated by a customer-generator over the applicable billing period.

~~((9))~~ (10) "Net metering system" means a fuel cell, a facility that produces electricity and used and useful thermal energy from a common fuel source, or a facility for the production of electrical energy that generates renewable energy, and that:

(a) Has an electrical generating capacity of not more than one hundred kilowatts;

(b) Is located on the customer-generator's premises;

(c) Operates in parallel with the electric utility's transmission and distribution facilities; and

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(d) Is intended primarily to offset part or all of the customer-generator's requirements for electricity.

~~((+0))~~ (11) "Premises" means any residential property, commercial real estate, or lands, owned or leased by a customer-generator within the service area of a single electric utility.

~~(12)~~ "Port district" means a port district within which an industrial development district has been established as authorized by Title 53 RCW.

~~((+1))~~ (13) "Public utility district" means a district authorized by chapter 54.04 RCW.

~~((+2))~~ (14) "Renewable energy" means energy generated by a facility that uses water, wind, solar energy, or biogas from animal waste as a fuel.

Sec. 2. RCW 80.60.020 and 2006 c 201 s 2 are each amended to read as follows:

(1) An electric utility:

~~((+))~~ (a) Shall offer to make net metering available to eligible customers-generators on a first-come, first-served basis until the cumulative generating capacity of net metering systems equals 0.25 percent of the utility's peak demand during 1996. On January 1, 2014, the cumulative generating capacity available to net metering systems will equal 0.5 percent of the utility's peak demand during 1996. Not less than one-half of the utility's 1996 peak demand available for net metering systems shall be reserved for the cumulative generating capacity attributable to net metering systems that generate renewable energy;

~~((2))~~ (b) Shall allow net metering systems to be interconnected using a standard kilowatt-hour meter capable of registering the flow of electricity in two directions, unless the commission, in the case of an electrical company, or the appropriate governing body, in the case of other electric utilities, determines, after appropriate notice and opportunity for comment:

~~((a))~~ (i) That the use of additional metering equipment to monitor the flow of electricity in each direction is necessary and appropriate for the interconnection of net metering systems, after taking into account the benefits and costs of purchasing and installing additional metering equipment; and

~~((b))~~ (ii) How the cost of purchasing and installing an additional meter is to be allocated between the customer-generator and the utility;

~~((3))~~ (c) Shall charge the customer-generator a minimum monthly fee that is the same as other customers of the electric utility in the same rate class, but shall not charge the customer-generator any additional standby, capacity, interconnection, or other fee or charge unless the commission, in the case of an electrical company, or the appropriate governing body, in the case of other electric utilities, determines, after appropriate notice and opportunity for comment that:

~~((a))~~ (i) The electric utility will incur direct costs associated with interconnecting or administering net metering systems that exceed any offsetting benefits associated with these systems; and

~~((b))~~ (ii) Public policy is best served by imposing these costs on the customer-generator rather than allocating these costs among the utility's entire customer base.

(2) If a production meter and software is required by the electric utility to provide meter aggregation under RCW 80.60.030(4), the customer-generator is responsible for the purchase of the production meter and software.

Sec. 3. RCW 80.60.030 and 2006 c 201 s 3 are each amended to read as follows:

Consistent with the other provisions of this chapter, the net energy measurement must be calculated in the following manner:

(1) The electric utility shall measure the net electricity produced or consumed during the billing period, in accordance with normal metering practices.

(2) If the electricity supplied by the electric utility exceeds the electricity generated by the customer-generator and fed back to the electric utility during the billing period, the customer-generator shall be billed for the net electricity supplied by the electric utility, in accordance with normal metering practices.

(3) If electricity generated by the customer-generator exceeds the electricity supplied by the electric utility, the customer-generator:

(a) Shall be billed for the appropriate customer charges for that billing period, in accordance with RCW 80.60.020; and

(b) Shall be credited for the excess kilowatt-hours generated during the billing period, with this kilowatt-hour credit appearing on the bill for the following billing period.

(4) If a customer-generator requests, an electric utility shall provide meter aggregation.

(a) For customer-generators participating in meter aggregation, kilowatt-hours credits earned by a net metering system during the billing period first shall be used to offset electricity supplied by the electric utility.

(b) Not more than a total of one hundred kilowatts shall be aggregated among all customer-generators participating in a generating facility under this subsection.

(c) Excess kilowatt-hours credits earned by the net metering system, during the same billing period, shall be credited equally by the electric utility to remaining meters located on all premises of a customer-generator at the designated rate of each meter.

(d) Meters so aggregated shall not change rate classes due to meter aggregation under this section.

(5) On April 30th of each calendar year, any remaining unused kilowatt-hour credit accumulated during the previous year shall be granted to the electric utility, without any compensation to the customer-generator."

The President declared the question before the Senate to be the adoption of the striking amendment by Senators Poulsen and Honeyford to Substitute House Bill No. 1140.

The motion by Senator Poulsen carried and the striking amendment was adopted by voice vote.

MOTION

There being no objection, the following title amendment was adopted:

On page 1, line 1 of the title, after "electricity;" strike the remainder of the title and insert "and amending RCW 80.60.010, 80.60.020, and 80.60.030."

MOTION

On motion of Senator Poulsen, the rules were suspended, Substitute House Bill No. 1140 as amended by the Senate was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senators Poulsen and Honeyford spoke in favor of passage of the bill.

The President declared the question before the Senate to be the final passage of Substitute House Bill No. 1140 as amended by the Senate.

ROLL CALL

The Secretary called the roll on the final passage of Substitute House Bill No. 1140 as amended by the Senate and the bill passed the Senate by the following vote: Yeas, 47; Nays, 0; Absent, 0; Excused, 2.

Voting yea: Senators Benton, Berkey, Brandland, Brown, Carrell, Clements, Delvin, Eide, Fairley, Franklin, Fraser, Hatfield, Haugen, Hewitt, Hobbs, Holmquist, Honeyford, Jacobsen, Kastama, Kauffman, Keiser, Kilmer, Kline, Kohl-Welles, Marr, McAuliffe, McCaslin, Morton, Murray, Oemig, Parlette, Poulsen, Prentice, Pridemore, Rasmussen, Regala, Roach, Rockefeller, Schoesler, Sheldon, Shin, Spanel, Stevens, Swecker, Tom, Weinstein and Zarelli - 47

Excused: Senators Hargrove and Pflug - 2

SUBSTITUTE HOUSE BILL NO. 1140 as amended by the Senate, having received the constitutional majority, was

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declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

SECOND READING

HOUSE BILL NO. 1476, by Representatives Blake and Kretz

Modifying provisions with regard to nonsalmon charter licenses.

The measure was read the second time.

MOTION

Senator Hatfield moved that the following striking amendment by Senators Hatfield, Jacobsen, Morton and Prentice be adopted:

Strike everything after the enacting clause and insert the following:

"NEW SECTION. Sec. 1. (1) The legislature finds that:

(a) Seven rockfish stocks, including canary and yelloweye rockfish, have been designated under federal law by the national marine fisheries services as overfished on the west coast.

(b) The department of fish and wildlife has classified certain rockfish species within Puget Sound as critically depressed. These common species of rockfish have undergone dramatic declines in Puget Sound and the coast during the past three decades.

(c) The Pacific fishery management council and the department of fish and wildlife have eliminated the directed commercial fisheries and greatly reduced the recreational fishing opportunity for these species.

(d) Due to the interactions of these depleted stocks with the healthier ones, commercial and recreational fisheries have been severely constrained in recent years in order to rebuild the populations of these overfished rockfish. For many of these stocks there have been no recent stock assessments, or the current assessments are based on poor data. Improved survey information is essential for assessing abundance and to monitor progress toward rebuilding efforts on the coast and in Puget Sound.

(e) Department of fish and wildlife staff have been developing underwater robot technology or remote operated vehicles to scientifically estimate the abundance of rockfish populations in both the nearshore and in deep waters. These new assessment techniques, coupled with existing bottom trawl surveys, will be used to estimate current abundance and future recovery of rockfish populations along the coast of Washington and in Puget Sound.

(2) Therefore, the legislature intends to implement a targeted surcharge on commercial licenses issued by the department of fish and wildlife that provides for the retention or landing of ground fish, and a targeted surcharge on recreational saltwater fishing licenses. Funds derived from the surcharge will be used by the department of fish and wildlife solely for the purpose of conducting rockfish research and stock assessments.

NEW SECTION. Sec. 2. A new section is added to chapter 77.12 RCW to read as follows:

(1) The department is directed to develop and implement a rockfish research and stock assessment program. Using funds from the rockfish research account created in subsection (2) of this section, the department must conduct Puget Sound basin and coastal surveys with new and existing technology to estimate the current abundance and future recovery of rockfish populations and other groundfish species. The stock assessment must include an evaluation of the potential for marine fish enhancement. Beginning December 2008, and every two years thereafter, the department shall report to the appropriate committees of the legislature on the status of the stock assessment program.

(2) The rockfish research account is created in the custody of the state treasurer. All receipts from surcharges assessed on commercial and recreational fishing licenses for the purposes of

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rockfish research must be deposited into the account. Expenditures from the account may be used only for rockfish research, including stock assessments. Only the director of the department or the director's designee may authorize expenditures from the account. The account is subject to allotment procedures under chapter 43.88 RCW, but an appropriation is not required for expenditures.

Sec. 3. RCW 77.65.150 and 2006 c 186 s 1 are each amended to read as follows:

(1) The director shall issue the charter licenses and angler permits listed in this section according to the requirements of this title. The licenses and permits and their annual fees and surcharges are:

License or Permit	Annual Fee (RCW 77.95.090 Surcharge) (Section 2 of this act Surcharge)		Governing Section
	Resident	Nonresident	
(a) Nonsalmon charter	\$225 <u>(plus \$35 for section 2 of this act Surcharge)</u>	\$375 <u>(plus \$35 for section 2 of this act Surcharge)</u>	
(b) Salmon charter	\$380 (plus \$100) <u>(plus \$35 for section 2 of this act Surcharge)</u>	\$685 (plus \$100) <u>(plus \$35 for section 2 of this act Surcharge)</u>	RCW 77.70.050
(c) Salmon angler	\$ 0	\$ 0	RCW 77.70.060
(d) Salmon roe	\$ 95	\$ 95	RCW 77.65.350

(2) A salmon charter license designating a vessel is required to operate a charter boat from which persons may, for a fee, fish for salmon, other food fish, and shellfish. The director may issue a salmon charter license only to a person who meets the qualifications of RCW 77.70.050.

(3) A nonsalmon charter license designating a vessel is required to operate a charter boat from which persons may, for a fee, fish for food fish other than salmon, albacore tuna, and shellfish.

(4)(a) "Charter boat" means a vessel from which persons may, for a fee, fish for food fish or shellfish for personal use in those state waters set forth in (b) of this subsection. "Charter boat" also means a vessel from which persons may, for a fee, fish for food fish or shellfish for personal use in offshore waters or in the waters of other states. The director may specify by rule when a vessel is a "charter boat" within this definition.

(b) A person may not operate a vessel from which persons may, for a fee, fish for food fish or shellfish in Puget Sound, Grays Harbor, Willapa Bay, Pacific Ocean waters, Lake Washington, or the Columbia river below the bridge at Longview unless the vessel is designated on a charter boat license.

(5) A charter boat licensed in Oregon may fish without a Washington charter license under the same rules as Washington charter boat operators in ocean waters within the jurisdiction of Washington state from the southern border of the state of Washington to Leadbetter Point, as long as the Oregon vessel does not take on or discharge passengers for any purpose from any Washington port, the Washington shore, or a dock, landing, or other point in Washington. The provisions of this subsection shall be in effect as long as the state of Oregon has reciprocal laws and regulations.

(6) A salmon charter license under subsection (1)(b) of this section may be renewed if the license holder notifies the department by May 1st of that year that he or she will not participate in the fishery during that calendar year. The license holder must pay the one hundred-dollar enhancement surcharge and a thirty-five dollar surcharge to be deposited in the rockfish research account created in section 2 of this act, plus a fifteen-dollar handling charge, in order to be considered a valid renewal and eligible to renew the license the following year.

Sec. 4. RCW 77.65.210 and 2005 c 20 s 4 are each amended to read as follows:

(1) Except as provided in subsection (2) of this section, a person may not use a commercial fishing vessel to deliver food fish or shellfish taken for commercial purposes in offshore waters to a port in the state without a nonlimited entry delivery license. As used in this section, "deliver" and "delivery" mean arrival at a place or port, and include arrivals from offshore waters to waters within the state and arrivals ashore from offshore waters. As used in this section, "food fish" does not include salmon. As used in this section, "shellfish" does not include ocean pink shrimp, coastal crab, or fish or shellfish taken under an emerging commercial fisheries license if taken from off-shore waters. The annual license fee for a nonlimited entry delivery license is one hundred ten dollars for residents

and two hundred dollars for nonresidents, and an additional thirty-five dollar surcharge for both residents and nonresidents to be deposited in the rockfish research account created in section 2 of this act.

(2) Holders of salmon troll fishery licenses issued under RCW 77.65.160, salmon delivery licenses issued under RCW 77.65.170, crab pot fishery licenses issued under RCW 77.65.220, food fish trawl--Non-Puget Sound fishery licenses, and emerging commercial fishery licenses issued under RCW 77.65.200, Dungeness crab--coastal fishery licenses, ocean pink shrimp delivery licenses, shrimp trawl--Non-Puget Sound fishery licenses, and emerging commercial fishery licenses issued under RCW 77.65.220 may deliver food fish or shellfish taken in offshore waters without a nonlimited entry delivery license.

(3) A nonlimited entry delivery license authorizes no taking of food fish or shellfish from state waters.

Sec. 5. RCW 77.32.470 and 2005 c 192 s 1 are each amended to read as follows:

(1) A personal use saltwater, freshwater, combination, temporary, or family fishing weekend license is required for all persons fifteen years of age or older to fish for or possess fish taken for personal use from state waters or offshore waters.

(2) The fees for annual personal use saltwater, freshwater, or combination licenses are as follows:

(a) A combination license allows the holder to fish for or possess fish, shellfish, and seaweed from state waters or offshore waters. The fee for this license is thirty-six dollars for residents, seventy-two dollars for nonresidents, and five dollars for youth. There is an additional fifty-cent surcharge for this license, to be deposited in the rockfish research account created section 2 of this act.

(b) A saltwater license allows the holder to fish for or possess fish taken from saltwater areas. The fee for this license is eighteen dollars for residents, thirty-six dollars for nonresidents, and five dollars for resident seniors. There is an additional fifty-cent surcharge for this license, to be deposited in the rockfish research account created section 2 of this act.

(c) A freshwater license allows the holder to fish for, take, or possess food fish or game fish species in all freshwater areas. The fee for this license is twenty dollars for residents, forty dollars for nonresidents, and five dollars for resident seniors.

(3)(a) A temporary combination fishing license is valid for one to five consecutive days and allows the holder to fish for or possess fish, shellfish, and seaweed taken from state waters or offshore waters. The fee for this temporary fishing license is:

(i) One day - Seven dollars for residents and fourteen dollars for nonresidents;

(ii) Two days - Ten dollars for residents and twenty dollars for nonresidents;

(iii) Three days - Thirteen dollars for residents and twenty-six dollars for nonresidents;

(iv) Four days - Fifteen dollars for residents and thirty dollars for nonresidents; and

(v) Five days - Seventeen dollars for residents and thirty-four dollars for nonresidents.

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(b) The fee for a charter stamp is seven dollars for a one-day temporary combination fishing license for residents and nonresidents for use on a charter boat as defined in RCW 77.65.150.

(c) A transaction fee to support the automated licensing system will be taken from the amounts set forth in this subsection for temporary licenses.

(d) Except for active duty military personnel serving in any branch of the United States armed forces, the temporary combination fishing license is not valid on game fish species for an eight-consecutive-day period beginning on the opening day of the lowland lake fishing season.

(e) There is an additional fifty-cent surcharge on the temporary combination fishing license and the associated charter stamp, to be deposited in the rockfish research account created in section 2 of this act.

(4) A family fishing weekend license allows for a maximum of six anglers: One resident and five youth; two residents and four youth; or one resident, one nonresident, and four youth. This license allows the holders to fish for or possess fish taken from state waters or offshore waters. The fee for this license is twenty dollars. This license is only valid during periods as specified by rule of the department.

(5) The commission may adopt rules to create and sell combination licenses for all hunting and fishing activities at or below a fee equal to the total cost of the individual license contained within any combination.

NEW SECTION. Sec. 6. 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 immediately."

Senator Hatfield spoke in favor of adoption of the striking amendment.

The President declared the question before the Senate to be the adoption of the striking amendment by Senators Hatfield, Jacobsen, Morton and Prentice to House Bill No. 1476.

The motion by Senator Hatfield carried and the striking amendment was adopted by voice vote.

MOTION

There being no objection, the following title amendment was adopted:

On page 1, line 1 of the title, after "licenses;" strike the remainder of the title and insert "amending RCW 77.65.150, 77.65.210, and 77.32.470; adding a new section to chapter 77.12 RCW; creating a new section; and declaring an emergency."

MOTION

On motion of Senator Jacobsen, the rules were suspended, House Bill No. 1476 as amended by the Senate was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senator Jacobsen spoke in favor of passage of the bill.

The President declared the question before the Senate to be the final passage of House Bill No. 1476 as amended by the Senate.

ROLL CALL

The Secretary called the roll on the final passage of House Bill No. 1476 as amended by the Senate and the bill passed the Senate by the following vote: Yeas, 48; Nays, 0; Absent, 0; Excused, 1.

Voting yea: Senators Benton, Berkey, Brandland, Brown, Carrell, Clements, Delvin, Eide, Fairley, Franklin, Fraser, Hargrove, Hatfield, Haugen, Hewitt, Hobbs, Holmquist, Honeyford, Jacobsen, Kastama, Kauffman, Keiser, Kilmer, Kline, Kohl-Welles, Marr, McAuliffe, McCaslin, Morton, Murray, Oemig, Parlette, Poulsen, Prentice, Pridemore, Rasmussen, Regala, Roach, Rockefeller, Schoesler, Sheldon,

Shin, Spanel, Stevens, Swecker, Tom, Weinstein and Zarelli - 48

Excused: Senator Pflug - 1

HOUSE BILL NO. 1476 as amended by the Senate, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

SECOND READING

ENGROSSED SECOND SUBSTITUTE HOUSE BILL NO. 1705, by House Committee on Finance (originally sponsored by Representatives Barlow, Ormsby, Kenney and Wood)

Creating health sciences and services authorities.

The measure was read the second time.

MOTION

Senator Marr moved that the following committee striking amendment by the Committee on Ways & Means be adopted.

Strike everything after the enacting clause and insert the following:

"NEW SECTION. Sec. 1. DEFINITIONS. The definitions in this section apply throughout this chapter unless the context clearly requires otherwise.

(1) "Authority" means a health sciences and services authority created pursuant to this chapter.

(2) "Board" means the governing board of trustees of an authority.

(3) "Department" means the department of community, trade, and economic development.

(4) "Director" means the director of the department of community, trade, and economic development.

(5) "Health sciences and services" means biosciences that advance new therapies and procedures to combat disease and promote public health.

(6) "Local government" means a city, town, or county.

(7) "Sponsoring local government" means a city, town, or county that creates a health sciences and services authority.

NEW SECTION. Sec. 2. PURPOSE. The health sciences and services program is created to promote bioscience-based economic development and advance new therapies and procedures to combat disease and promote public health.

NEW SECTION. Sec. 3. CREATION. A local government must establish by ordinance or resolution an authority. At a minimum, the ordinance must:

(1) Specify the powers to be exercised by the authority;

(2) Reserve the local government's right to dissolve the authority after its contractual responsibilities have expired;

(3) Establish an administrative board, including: (a) The number of board members; (b) the times and terms of appointment for each board position; (c) the amount of compensation, if any, to be paid to board members; (d) the procedures for removing board members and filing vacancies; and (e) the qualifications for the appointment of individuals to the board;

(4) Establish the authority's boundaries, which must be contiguous tracts of land;

(5) Ensure that private and public funds provided to the authority will be segregated;

(6) Establish guidelines under which the authority may invest its funds;

(7) Provide the requirements for auditing the records of the authority; and

(8) Require the local government's legal counsel to also provide legal services to the authority.

NEW SECTION. Sec. 4. APPLICATIONS. (1) The department may approve applications submitted by local governments for an area's designation as a health sciences and services authority under this chapter. The director shall determine the division to review applications submitted by local governments under this chapter. The application for designation

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shall be in the form and manner and contain such information as the department may prescribe, provided the application shall:

(a) Contain sufficient information to enable the director to determine the viability of the proposal;

(b) Demonstrate that an ordinance or resolution has been passed by the legislative authority of a local government that delineates the boundaries of an area that may be designated an authority;

(c) Be submitted on behalf of the local government, or, if that office does not exist, by the legislative body of the local government;

(d) Demonstrate that the public funds directed to programs or facilities in the authority will leverage private sector resources and contributions to activities to be performed;

(e) Provide a plan or plans for the development of the authority as an entity to advance as a cluster for health sciences education, health sciences research, biotechnology development, biotechnology product commercialization, and/or health care services; and

(f) Demonstrate that the state has previously provided funds to health sciences and services programs or facilities in the applicant city, town, or county.

(2) The director shall determine the division to develop criteria to evaluate the application. The criteria shall include:

(a) The presence of infrastructure capable of spurring development of the area as a center of health sciences and services;

(b) The presence of higher education facilities where undergraduate or graduate coursework or research is conducted; and

(c) The presence of facilities in which health services are provided.

(3) There shall be no more than one authority statewide.

(4) An authority may only be created in a county with a population of less than one million persons.

(5) The director may reject or approve an application. When denying an application, the director must specify the application's deficiencies. The decision regarding such designation as it relates to a specific local government is final; however, a rejected application may be resubmitted.

(6) Applications are due December 31, 2007, and must be processed within sixty days of submission.

(7) The director may, at his or her discretion, amend the boundaries of an authority upon the request of the local government.

(8) The department may adopt any rules necessary to implement this act within one hundred twenty days of the effective date of this section.

(9) The department must develop evaluation and performance measures in order to evaluate the effectiveness of the programs in the authorities that are funded with public resources. A report to the legislature shall be due on a biennial basis beginning December 1, 2009. In addition, the department shall develop evaluation criteria that enables the local governments to measure the effectiveness of the program.

NEW SECTION. Sec. 5. BOARD. (1) An authority shall be overseen by a board with not more than fourteen members. Board members shall be appointed by the sponsoring local government and must reside within the jurisdiction of the local government that created the authority. The authority board shall select the chair.

(2) A simple majority of the board members shall constitute a quorum.

(3) The board shall annually elect a secretary and any other officers it deems necessary.

(4) The local government shall designate an individual with financial experience to serve as treasurer. The individual may be a city or county treasurer, city or county auditor, or a private party. If the treasurer is a private party, the local government shall require a bond in an amount and under such terms and conditions as the local government deems necessary to protect the authority. The treasurer shall have the power to create and maintain funds, issue warrants, and invest funds in its possession.

(5) The board may adopt bylaws or rules for their own governance.

(6) Meetings of the board shall be held in accordance with the open public meetings act, chapter 42.30 RCW, and at the call of the chair or when a majority of the board so requests. Meetings of the board may be held at any location and board members may participate in a meeting of the board by means of a conference telephone or similar communication equipment under RCW 23B.08.200.

NEW SECTION. Sec. 6. POWERS AND DUTIES. (1) The authority has all the general powers necessary to carry out its purposes and duties and to exercise its specific powers, including the authority may:

(a) Sue and be sued in its own name;

(b) Make and execute agreements, contracts, and other instruments, with any public or private entity or person, in accordance with this chapter;

(c) Employ, contract with, or engage independent counsel, financial advisors, auditors, other technical or professional assistants, and such other personnel as are necessary or desirable to implement this chapter;

(d) Establish such special funds, and control deposits to and disbursements from them, as it finds convenient for the implementation of this chapter;

(e) Enter into contracts with public and private entities for research to be conducted in this state;

(f) Delegate any of its powers and duties if consistent with the purposes of this chapter;

(g) Exercise any other power reasonably required to implement the purposes of this chapter; and

(h) Hire staff and pay administrative costs; however, such expenses shall be paid from moneys provided by the sponsoring local government and moneys received from gifts, grants, and bequests and the interest earned on the authority's accounts and investments.

(2) In addition to other powers and duties prescribed in this chapter, the authority is empowered to:

(a) Use the authority's public moneys, leveraging those moneys with amounts received from other public and private sources in accordance with contribution agreements, promote bioscience-based economic development, and advance new therapies and procedures to combat disease and promote public health;

(b) Solicit and receive gifts, grants, and bequests, and enter into contribution agreements with private entities and public entities to receive moneys in consideration of the authority's promise to leverage those moneys with the revenue generated by the tax authorized under section 11 of this act and contributions from other public entities and private entities, in order to use those moneys to promote bioscience-based economic development and advance new therapies and procedures to combat disease and promote public health;

(c) Hold funds received by the authority in trust for their use pursuant to this chapter to promote bioscience-based economic development and advance new therapies and procedures to combat disease and promote public health;

(d) Manage its funds, obligations, and investments as necessary and consistent with its purpose, including the segregation of revenues into separate funds and accounts;

(e) Make grants to entities pursuant to contract to promote bioscience-based economic development and advance new therapies and procedures to combat disease and promote public health. Grant agreements shall specify the deliverables to be provided by the recipient pursuant to the grant. Grants to private entities may only be provided under a contractual agreement that ensures the state will receive appropriate consideration, such as an assurance of job creation or retention, or the delivery of services that provide for the public health, safety, and welfare. The authority shall solicit requests for funding and evaluate the requests by reference to factors such as: (i) The quality of the proposed research; (ii) its potential to improve health outcomes, with particular attention to the likelihood that it will also lower health care costs, substitute for a more costly diagnostic or treatment modality, or offer a breakthrough treatment for a particular disease or condition; (iii)

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its potential to leverage additional funding; (iv) its potential to provide health care benefits; (v) its potential to stimulate employment; and (vi) evidence of public and private collaboration;

(f) Create one or more advisory boards composed of scientists, industrialists, and others familiar with health sciences and services; and

(g) Adopt policies and procedures to facilitate the orderly process of grant application, review, and reward.

(3) The records of the authority shall be subject to audit by the office of the state auditor.

NEW SECTION. Sec. 7. GENERAL INDEBTEDNESS--GENERAL OBLIGATION BONDS. (1) A local government that creates a health sciences and services authority may incur general indebtedness, and issue general obligation bonds, to finance the grants and other programs and retire the indebtedness in whole or in part from the funds distributed pursuant to section 11 of this act and subject to the following requirements:

(a) The ordinance adopted by the local government creating the authority and authorizing the use of the excise tax in section 11 of this act indicates an intent to incur this indebtedness and the maximum amount of this indebtedness that is contemplated; and

(b) The local government includes this statement of the intent in all notices.

(2) The general indebtedness incurred under this section may be payable from other tax revenues, the full faith and credit of the sponsoring local government, and nontax income, revenues, fees, and rents from the public improvements, as well as contributions, grants, and nontax money available to the local government for payment of costs of the grants and other programs or associated debt service on the general indebtedness.

NEW SECTION. Sec. 8. LIMITATION ON BONDS ISSUED. The bonds issued by a local government under section 7 of this act shall not constitute an obligation of the state of Washington, either general or special.

NEW SECTION. Sec. 9. LIABILITY. (1) Members of the board, as well as other persons acting on behalf of the authority, while acting within the scope of their employment or agency, shall not be subject to personal liability resulting from their official duties conferred on them under this chapter.

(2) The state, the local government that created the authority, and the authority shall not be liable for any loss, damage, harm, or other consequences resulting directly or indirectly from grants provided by the authority or from programs, services, research, or other activities funded with such grants.

NEW SECTION. Sec. 10. DISSOLUTION. The board may petition the sponsoring local government to be dissolved upon a showing that it has no reason to exist and that any assets it retains must be returned to the state treasurer.

NEW SECTION. Sec. 11. A new section is added to chapter 82.14 RCW to read as follows:

(1) The legislative authority of a local jurisdiction that has created a health sciences and services authority under section 3 of this act may impose a sales and use tax in accordance with the terms of this chapter. The tax is in addition to other taxes authorized by law and shall be collected from those persons who are taxable by the state under chapters 82.08 and 82.12 RCW upon the occurrence of any taxable event within the local jurisdiction. The rate of the tax shall not exceed 0.015 percent of the selling price in the case of a sales tax or the value of the article used in the case of a use tax.

(2) The tax imposed under subsection (1) of this section shall be deducted from the amount of tax otherwise required to be collected or paid over to the department under chapter 82.08 or 82.12 RCW. The amounts received under this section may only be used in accordance with section 6 of this act or to finance and retire the indebtedness incurred pursuant to section 7 of this act, in whole or in part.

Sec. 12. RCW 42.56.270 and 2006 c 369 s 2, 2006 c 341 s 6, 2006 c 338 s 5, 2006 c 302 s 12, 2006 c 209 s 7, 2006 c 183 s 37, and 2006 c 171 s 8 are each reenacted and amended to read as follows:

The following financial, commercial, and proprietary information is exempt from disclosure under this chapter:

(1) Valuable formulae, designs, drawings, computer source code or object code, and research data obtained by any agency within five years of the request for disclosure when disclosure would produce private gain and public loss;

(2) Financial information supplied by or on behalf of a person, firm, or corporation for the purpose of qualifying to submit a bid or proposal for (a) a ferry system construction or repair contract as required by RCW 47.60.680 through 47.60.750 or (b) highway construction or improvement as required by RCW 47.28.070;

(3) Financial and commercial information and records supplied by private persons pertaining to export services provided under chapters 43.163 and 53.31 RCW, and by persons pertaining to export projects under RCW 43.23.035;

(4) Financial and commercial information and records supplied by businesses or individuals during application for loans or program services provided by chapters 15.110, 43.163, 43.160, 43.330, and 43.168 RCW, or during application for economic development loans or program services provided by any local agency;

(5) Financial information, business plans, examination reports, and any information produced or obtained in evaluating or examining a business and industrial development corporation organized or seeking certification under chapter 31.24 RCW;

(6) Financial and commercial information supplied to the state investment board by any person when the information relates to the investment of public trust or retirement funds and when disclosure would result in loss to such funds or in private loss to the providers of this information;

(7) Financial and valuable trade information under RCW 51.36.120;

(8) Financial, commercial, operations, and technical and research information and data submitted to or obtained by the clean Washington center in applications for, or delivery of, program services under chapter 70.95H RCW;

(9) Financial and commercial information requested by the public stadium authority from any person or organization that leases or uses the stadium and exhibition center as defined in RCW 36.102.010;

(10)(a) Financial information, including but not limited to account numbers and values, and other identification numbers supplied by or on behalf of a person, firm, corporation, limited liability company, partnership, or other entity related to an application for a horse racing license submitted pursuant to RCW 67.16.260(1)(b), liquor license, gambling license, or lottery retail license;

(b) Financial or proprietary information supplied to the liquor control board including the amount of beer or wine sold by a domestic winery, brewery, microbrewery, or certificate of approval holder under RCW 66.24.206(1) or 66.24.270(2)(a) and including the amount of beer or wine purchased by a retail licensee in connection with a retail licensee's obligation under RCW 66.24.210 or 66.24.290, for receipt of shipments of beer or wine.

(11) Proprietary data, trade secrets, or other information that relates to: (a) A vendor's unique methods of conducting business; (b) data unique to the product or services of the vendor; or (c) determining prices or rates to be charged for services, submitted by any vendor to the department of social and health services for purposes of the development, acquisition, or implementation of state purchased health care as defined in RCW 41.05.011;

(12)(a) When supplied to and in the records of the department of community, trade, and economic development:

(i) Financial and proprietary information collected from any person and provided to the department of community, trade, and economic development pursuant to RCW 43.330.050(8) and 43.330.080(4); and

(ii) Financial or proprietary information collected from any person and provided to the department of community, trade, and economic development or the office of the governor in connection with the siting, recruitment, expansion, retention, or relocation of that person's business and until a siting decision is

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made, identifying information of any person supplying information under this subsection and the locations being considered for siting, relocation, or expansion of a business;

(b) When developed by the department of community, trade, and economic development based on information as described in (a)(i) of this subsection, any work product is not exempt from disclosure;

(c) For the purposes of this subsection, "siting decision" means the decision to acquire or not to acquire a site;

(d) If there is no written contact for a period of sixty days to the department of community, trade, and economic development from a person connected with siting, recruitment, expansion, retention, or relocation of that person's business, information described in (a)(ii) of this subsection will be available to the public under this chapter;

(13) Financial and proprietary information submitted to or obtained by the department of ecology or the authority created under chapter 70.95N RCW to implement chapter 70.95N RCW;

(14) Financial, commercial, operations, and technical and research information and data submitted to or obtained by the life sciences discovery fund authority in applications for, or delivery of, grants under chapter 43.350 RCW, to the extent that such information, if revealed, would reasonably be expected to result in private loss to the providers of this information;

(15) Financial and commercial information provided as evidence to the department of licensing as required by RCW 19.112.110 or 19.112.120, except information disclosed in aggregate form that does not permit the identification of information related to individual fuel licensees;

(16) Any production records, mineral assessments, and trade secrets submitted by a permit holder, mine operator, or landowner to the department of natural resources under RCW 78.44.085; ~~(and)~~

(17)(a) Farm plans developed by conservation districts, unless permission to release the farm plan is granted by the landowner or operator who requested the plan, or the farm plan is used for the application or issuance of a permit(-);

(b) Farm plans developed under chapter 90.48 RCW and not under the federal clean water act, 33 U.S.C. Sec. 1251 are subject to RCW 42.56.610 and 90.64.190; ~~and~~

(18) Financial, commercial, operations, and technical and research information and data submitted to or obtained by a health sciences and services authority in applications for, or delivery of, grants under sections 1 through 6 of this act, to the extent that such information, if revealed, would reasonably be expected to result in private loss to providers of this information.

Sec. 13. RCW 42.56.270 and 2006 c 369 s 2, 2006 c 341 s 6, 2006 c 338 s 5, 2006 c 209 s 7, 2006 c 183 s 37, and 2006 c 171 s 8 are each reenacted and amended to read as follows:

The following financial, commercial, and proprietary information is exempt from disclosure under this chapter:

(1) Valuable formulae, designs, drawings, computer source code or object code, and research data obtained by any agency within five years of the request for disclosure when disclosure would produce private gain and public loss;

(2) Financial information supplied by or on behalf of a person, firm, or corporation for the purpose of qualifying to submit a bid or proposal for (a) a ferry system construction or repair contract as required by RCW 47.60.680 through 47.60.750 or (b) highway construction or improvement as required by RCW 47.28.070;

(3) Financial and commercial information and records supplied by private persons pertaining to export services provided under chapters 43.163 and 53.31 RCW, and by persons pertaining to export projects under RCW 43.23.035;

(4) Financial and commercial information and records supplied by businesses or individuals during application for loans or program services provided by chapters 15.110, 43.163, 43.160, 43.330, and 43.168 RCW, or during application for economic development loans or program services provided by any local agency;

(5) Financial information, business plans, examination reports, and any information produced or obtained in evaluating

or examining a business and industrial development corporation organized or seeking certification under chapter 31.24 RCW;

(6) Financial and commercial information supplied to the state investment board by any person when the information relates to the investment of public trust or retirement funds and when disclosure would result in loss to such funds or in private loss to the providers of this information;

(7) Financial and valuable trade information under RCW 51.36.120;

(8) Financial, commercial, operations, and technical and research information and data submitted to or obtained by the clean Washington center in applications for, or delivery of, program services under chapter 70.95H RCW;

(9) Financial and commercial information requested by the public stadium authority from any person or organization that leases or uses the stadium and exhibition center as defined in RCW 36.102.010;

(10) Financial information, including but not limited to account numbers and values, and other identification numbers supplied by or on behalf of a person, firm, corporation, limited liability company, partnership, or other entity related to an application for a horse racing license submitted pursuant to RCW 67.16.260(1)(b), liquor license, gambling license, or lottery retail license;

(11) Proprietary data, trade secrets, or other information that relates to: (a) A vendor's unique methods of conducting business; (b) data unique to the product or services of the vendor; or (c) determining prices or rates to be charged for services, submitted by any vendor to the department of social and health services for purposes of the development, acquisition, or implementation of state purchased health care as defined in RCW 41.05.011;

(12)(a) When supplied to and in the records of the department of community, trade, and economic development:

(i) Financial and proprietary information collected from any person and provided to the department of community, trade, and economic development pursuant to RCW 43.330.050(8) and 43.330.080(4); and

(ii) Financial or proprietary information collected from any person and provided to the department of community, trade, and economic development or the office of the governor in connection with the siting, recruitment, expansion, retention, or relocation of that person's business and until a siting decision is made, identifying information of any person supplying information under this subsection and the locations being considered for siting, relocation, or expansion of a business;

(b) When developed by the department of community, trade, and economic development based on information as described in (a)(i) of this subsection, any work product is not exempt from disclosure;

(c) For the purposes of this subsection, "siting decision" means the decision to acquire or not to acquire a site;

(d) If there is no written contact for a period of sixty days to the department of community, trade, and economic development from a person connected with siting, recruitment, expansion, retention, or relocation of that person's business, information described in (a)(ii) of this subsection will be available to the public under this chapter;

(13) Financial and proprietary information submitted to or obtained by the department of ecology or the authority created under chapter 70.95N RCW to implement chapter 70.95N RCW;

(14) Financial, commercial, operations, and technical and research information and data submitted to or obtained by the life sciences discovery fund authority in applications for, or delivery of, grants under chapter 43.350 RCW, to the extent that such information, if revealed, would reasonably be expected to result in private loss to the providers of this information;

(15) Financial and commercial information provided as evidence to the department of licensing as required by RCW 19.112.110 or 19.112.120, except information disclosed in aggregate form that does not permit the identification of information related to individual fuel licensees;

(16) Any production records, mineral assessments, and trade secrets submitted by a permit holder, mine operator, or

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landowner to the department of natural resources under RCW 78.44.085; (~~and~~)

(17)(a) Farm plans developed by conservation districts, unless permission to release the farm plan is granted by the landowner or operator who requested the plan, or the farm plan is used for the application or issuance of a permit(-);

(b) Farm plans developed under chapter 90.48 RCW and not under the federal clean water act, 33 U.S.C. Sec. 1251 et seq., are subject to RCW 42.56.610 and 90.64.190; and

(18) Financial, commercial, operations, and technical and research information and data submitted to or obtained by a health sciences and services authority in applications for, or delivery of, grants under sections 1 through 6 of this act, to the extent that such information, if revealed, would reasonably be expected to result in private loss to providers of this information.

NEW SECTION. Sec. 14. CAPTIONS. Captions used in this act are not any part of the law.

NEW SECTION. Sec. 15. SEVERABILITY. If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected.

NEW SECTION. Sec. 16. CODIFICATION. Sections 1 through 10 of this act constitute a new chapter in Title 35 RCW.

NEW SECTION. Sec. 17. EXPIRATION DATE. Section 12 of this act expires June 30, 2008.

NEW SECTION. Sec. 18. EFFECTIVE DATE. Section 13 of this act takes effect June 30, 2008."

On page 1, line 2 of the title, after "authorities;" strike the remainder of the title and insert "reenacting and amending RCW 42.56.270 and 42.56.270; adding a new section to chapter 82.14 RCW; adding a new chapter to Title 35 RCW; creating a new section; providing an effective date; and providing an expiration date."

REMARKS BY THE PRESIDENT

President Owen: "The President understands that there's a situation here, with some additional amendments, and I'll take a moment to explain. You have amendments to the striking amendment and the amendment has been moved. We still have to take the amendments so, if you don't wish these amendments to - if you want to withdraw them, you got to let me know when they come up. All right?"

WITHDRAWAL OF AMENDMENT

On motion of Senator Marr, the amendment by Senator Marr on page 7, line 31 to the committee striking amendment to Engrossed Second Substitute House Bill No. 1705 was withdrawn.

WITHDRAWAL OF AMENDMENT

On motion of Senator Zarelli, the amendment by Senator Zarelli on page 8, line 4 to the committee striking amendment to Engrossed Second Substitute House Bill No. 1705 was withdrawn.

MOTION

Senator Marr moved that the committee striking amendment by the Committee on Ways & Means be not adopted.

The President declared the question before the Senate to be the motion by Senator Marr to not adopt the committee striking amendment by the Committee on Ways & Means to Engrossed Second Substitute House Bill No. 1705.

The motion by Senator Marr carried and the committee striking amendment was not adopted by voice vote.

MOTION

Senator Marr moved that the following striking amendment by Senators Marr and Brown be adopted:

Strike everything after the enacting clause and insert the following:

"NEW SECTION. Sec. 1. DEFINITIONS. The definitions in this section apply throughout this chapter unless the context clearly requires otherwise.

(1) "Authority" means a health sciences and services authority created pursuant to this chapter.

(2) "Board" means the governing board of trustees of an authority.

(3) "Director" means the director of the higher education coordinating board.

(4) "Health sciences and services" means biosciences that advance new therapies and procedures to combat disease and promote public health.

(5) "Local government" means a city, town, or county.

(6) "Sponsoring local government" means a city, town, or county that creates a health sciences and services authority.

NEW SECTION. Sec. 2. PURPOSE. The health sciences and services program is created to promote bioscience-based economic development and advance new therapies and procedures to combat disease and promote public health.

NEW SECTION. Sec. 3. CREATION. A local government must establish by ordinance or resolution an authority. At a minimum, the ordinance must:

(1) Specify the powers to be exercised by the authority;

(2) Reserve the local government's right to dissolve the authority after its contractual responsibilities have expired;

(3) Establish an administrative board, including: (a) The number of board members; (b) the times and terms of appointment for each board position; (c) the amount of compensation, if any, to be paid to board members; (d) the procedures for removing board members and filing vacancies; and (e) the qualifications for the appointment of individuals to the board;

(4) Establish the authority's boundaries, which must be contiguous tracts of land;

(5) Ensure that private and public funds provided to the authority will be segregated;

(6) Establish guidelines under which the authority may invest its funds;

(7) Provide the requirements for auditing the records of the authority; and

(8) Require the local government's legal counsel to also provide legal services to the authority.

NEW SECTION. Sec. 4. APPLICATIONS. (1) The higher education coordinating board may approve applications submitted by local governments for an area's designation as a health sciences and services authority under this chapter. The director shall determine the division to review applications submitted by local governments under this chapter. The application for designation shall be in the form and manner and contain such information as the higher education coordinating board may prescribe, provided the application shall:

(a) Contain sufficient information to enable the director to determine the viability of the proposal;

(b) Demonstrate that an ordinance or resolution has been passed by the legislative authority of a local government that delineates the boundaries of an area that may be designated an authority;

(c) Be submitted on behalf of the local government, or, if that office does not exist, by the legislative body of the local government;

(d) Demonstrate that the public funds directed to programs or facilities in the authority will leverage private sector resources and contributions to activities to be performed;

(e) Provide a plan or plans for the development of the authority as an entity to advance as a cluster for health sciences education, health sciences research, biotechnology development, biotechnology product commercialization, and/or health care services; and

(f) Demonstrate that the state has previously provided funds to health sciences and services programs or facilities in the applicant city, town, or county.

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(2) The director shall determine the division to develop criteria to evaluate the application. The criteria shall include:

(a) The presence of infrastructure capable of spurring development of the area as a center of health sciences and services;

(b) The presence of higher education facilities where undergraduate or graduate coursework or research is conducted; and

(c) The presence of facilities in which health services are provided.

(3) There shall be no more than one authority statewide.

(4) An authority may only be created in a county with a population of less than one million persons.

(5) The director may reject or approve an application. When denying an application, the director must specify the application's deficiencies. The decision regarding such designation as it relates to a specific local government is final; however, a rejected application may be resubmitted.

(6) Applications are due December 31, 2007, and must be processed within sixty days of submission.

(7) The director may, at his or her discretion, amend the boundaries of an authority upon the request of the local government.

(8) The higher education coordinating board may adopt any rules necessary to implement this act within one hundred twenty days of the effective date of this section.

(9) The joint legislative audit and review committee shall conduct an audit of the authority and report to the legislature by December 1, 2012. The report shall evaluate the effectiveness of the authority in providing the advancement of new therapies and procedures to combat disease and improve public health. The audit shall also look into where and how funds have been spent and if the funds have effectively executed the mission of the authority.

NEW SECTION. Sec. 5. BOARD. (1) An authority shall be overseen by a board with not more than fourteen members. The authority board shall select the chair. Board members must have some experience with the mission of the authority. The board members shall be appointed as follows:

(a) The governor shall appoint three members;

(b) The county legislative authority in which the authority resides shall appoint three members;

(c) The mayor of the city in which the authority is created, or the mayor of the largest city within the authority if created by a county, shall appoint three members; and

(d) Up to five additional members may be appointed by the board.

(2) A simple majority of the board members shall constitute a quorum.

(3) The board shall annually elect a secretary and any other officers it deems necessary.

(4) The local government shall designate an individual with financial experience to serve as treasurer. The individual may be a city or county treasurer, city or county auditor, or a private party. If the treasurer is a private party, the local government shall require a bond in an amount and under such terms and conditions as the local government deems necessary to protect the authority. The treasurer shall have the power to create and maintain funds, issue warrants, and invest funds in its possession.

(5) The board may adopt bylaws or rules for their own governance.

(6) Meetings of the board shall be held in accordance with the open public meetings act, chapter 42.30 RCW, and at the call of the chair or when a majority of the board so requests. Meetings of the board may be held at any location and board members may participate in a meeting of the board by means of a conference telephone or similar communication equipment under RCW 23B.08.200.

NEW SECTION. Sec. 6. POWERS AND DUTIES. (1) The authority has all the general powers necessary to carry out its purposes and duties and to exercise its specific powers, including the authority may:

(a) Sue and be sued in its own name;

(b) Make and execute agreements, contracts, and other instruments, with any public or private entity or person, in accordance with this chapter;

(c) Employ, contract with, or engage independent counsel, financial advisors, auditors, other technical or professional assistants, and such other personnel as are necessary or desirable to implement this chapter;

(d) Establish such special funds, and control deposits to and disbursements from them, as it finds convenient for the implementation of this chapter;

(e) Enter into contracts with public and private entities for research to be conducted in this state;

(f) Delegate any of its powers and duties if consistent with the purposes of this chapter;

(g) Exercise any other power reasonably required to implement the purposes of this chapter; and

(h) Hire staff and pay administrative costs; however, such expenses shall be paid from moneys provided by the sponsoring local government and moneys received from gifts, grants, and bequests and the interest earned on the authority's accounts and investments.

(2) In addition to other powers and duties prescribed in this chapter, the authority is empowered to:

(a) Use the authority's public moneys, leveraging those moneys with amounts received from other public and private sources in accordance with contribution agreements, promote bioscience-based economic development, and advance new therapies and procedures to combat disease and promote public health;

(b) Solicit and receive gifts, grants, and bequests, and enter into contribution agreements with private entities and public entities to receive moneys in consideration of the authority's promise to leverage those moneys with the revenue generated by the tax authorized under section 11 of this act and contributions from other public entities and private entities, in order to use those moneys to promote bioscience-based economic development and advance new therapies and procedures to combat disease and promote public health;

(c) Hold funds received by the authority in trust for their use pursuant to this chapter to promote bioscience-based economic development and advance new therapies and procedures to combat disease and promote public health;

(d) Manage its funds, obligations, and investments as necessary and consistent with its purpose, including the segregation of revenues into separate funds and accounts;

(e) Make grants to entities pursuant to contract to promote bioscience-based economic development and advance new therapies and procedures to combat disease and promote public health. Grant agreements shall specify the deliverables to be provided by the recipient pursuant to the grant. Grants to private entities may only be provided under a contractual agreement that ensures the state will receive appropriate consideration, such as an assurance of job creation or retention, or the delivery of services that provide for the public health, safety, and welfare. The authority shall solicit requests for funding and evaluate the requests by reference to factors such as: (i) The quality of the proposed research; (ii) its potential to improve health outcomes, with particular attention to the likelihood that it will also lower health care costs, substitute for a more costly diagnostic or treatment modality, or offer a breakthrough treatment for a particular disease or condition; (iii) its potential to leverage additional funding; (iv) its potential to provide health care benefits; (v) its potential to stimulate employment; and (vi) evidence of public and private collaboration;

(f) Create one or more advisory boards composed of scientists, industrialists, and others familiar with health sciences and services; and

(g) Adopt policies and procedures to facilitate the orderly process of grant application, review, and reward.

(3) The records of the authority shall be subject to audit by the office of the state auditor.

(4) The authority must apply for a Washington state quality award within four years of its creation.

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NEW SECTION. Sec. 7. GENERAL INDEBTEDNESS--GENERAL OBLIGATION BONDS. (1) A local government that creates a health sciences and services authority may incur general indebtedness, and issue general obligation bonds, to finance the grants and other programs and retire the indebtedness in whole or in part from the funds distributed pursuant to section 11 of this act and subject to the following requirements:

(a) The ordinance adopted by the local government creating the authority and authorizing the use of the excise tax in section 11 of this act indicates an intent to incur this indebtedness and the maximum amount of this indebtedness that is contemplated; and

(b) The local government includes this statement of the intent in all notices.

(2) The general indebtedness incurred under this section may be payable from other tax revenues, the full faith and credit of the sponsoring local government, and nontax income, revenues, fees, and rents from the public improvements, as well as contributions, grants, and nontax money available to the local government for payment of costs of the grants and other programs or associated debt service on the general indebtedness.

NEW SECTION. Sec. 8. LIMITATION ON BONDS ISSUED. The bonds issued by a local government under section 7 of this act shall not constitute an obligation of the state of Washington, either general or special.

NEW SECTION. Sec. 9. LIABILITY. (1) Members of the board, as well as other persons acting on behalf of the authority, while acting within the scope of their employment or agency, shall not be subject to personal liability resulting from their official duties conferred on them under this chapter.

(2) The state, the local government that created the authority, and the authority shall not be liable for any loss, damage, harm, or other consequences resulting directly or indirectly from grants provided by the authority or from programs, services, research, or other activities funded with such grants.

NEW SECTION. Sec. 10. DISSOLUTION. The board may petition the sponsoring local government to be dissolved upon a showing that it has no reason to exist and that any assets it retains must be returned to the state treasurer.

NEW SECTION. Sec. 11. A new section is added to chapter 82.14 RCW to read as follows:

(1) The legislative authority of a local jurisdiction that has created a health sciences and services authority under section 3 of this act may impose a sales and use tax in accordance with the terms of this chapter. The tax is in addition to other taxes authorized by law and shall be collected from those persons who are taxable by the state under chapters 82.08 and 82.12 RCW upon the occurrence of any taxable event within the local jurisdiction. The rate of the tax shall not exceed 0.015 percent of the selling price in the case of a sales tax or the value of the article used in the case of a use tax.

(2) The tax imposed under subsection (1) of this section shall be deducted from the amount of tax otherwise required to be collected or paid over to the department under chapter 82.08 or 82.12 RCW. The department of revenue shall perform the collection of the tax on behalf of the authority at no cost to the authority.

(3) The amounts received under this section may only be used in accordance with section 6 of this act or to finance and retire the indebtedness incurred pursuant to section 7 of this act, in whole or in part.

Sec. 12. RCW 42.56.270 and 2006 c 369 s 2, 2006 c 341 s 6, 2006 c 338 s 5, 2006 c 302 s 12, 2006 c 209 s 7, 2006 c 183 s 37, and 2006 c 171 s 8 are each reenacted and amended to read as follows:

The following financial, commercial, and proprietary information is exempt from disclosure under this chapter:

(1) Valuable formulae, designs, drawings, computer source code or object code, and research data obtained by any agency within five years of the request for disclosure when disclosure would produce private gain and public loss;

(2) Financial information supplied by or on behalf of a person, firm, or corporation for the purpose of qualifying to

submit a bid or proposal for (a) a ferry system construction or repair contract as required by RCW 47.60.680 through 47.60.750 or (b) highway construction or improvement as required by RCW 47.28.070;

(3) Financial and commercial information and records supplied by private persons pertaining to export services provided under chapters 43.163 and 53.31 RCW, and by persons pertaining to export projects under RCW 43.23.035;

(4) Financial and commercial information and records supplied by businesses or individuals during application for loans or program services provided by chapters 15.110, 43.163, 43.160, 43.330, and 43.168 RCW, or during application for economic development loans or program services provided by any local agency;

(5) Financial information, business plans, examination reports, and any information produced or obtained in evaluating or examining a business and industrial development corporation organized or seeking certification under chapter 31.24 RCW;

(6) Financial and commercial information supplied to the state investment board by any person when the information relates to the investment of public trust or retirement funds and when disclosure would result in loss to such funds or in private loss to the providers of this information;

(7) Financial and valuable trade information under RCW 51.36.120;

(8) Financial, commercial, operations, and technical and research information and data submitted to or obtained by the clean Washington center in applications for, or delivery of, program services under chapter 70.95H RCW;

(9) Financial and commercial information requested by the public stadium authority from any person or organization that leases or uses the stadium and exhibition center as defined in RCW 36.102.010;

(10)(a) Financial information, including but not limited to account numbers and values, and other identification numbers supplied by or on behalf of a person, firm, corporation, limited liability company, partnership, or other entity related to an application for a horse racing license submitted pursuant to RCW 67.16.260(1)(b), liquor license, gambling license, or lottery retail license;

(b) Financial or proprietary information supplied to the liquor control board including the amount of beer or wine sold by a domestic winery, brewery, microbrewery, or certificate of approval holder under RCW 66.24.206(1) or 66.24.270(2)(a) and including the amount of beer or wine purchased by a retail licensee in connection with a retail licensee's obligation under RCW 66.24.210 or 66.24.290, for receipt of shipments of beer or wine.

(11) Proprietary data, trade secrets, or other information that relates to: (a) A vendor's unique methods of conducting business; (b) data unique to the product or services of the vendor; or (c) determining prices or rates to be charged for services, submitted by any vendor to the department of social and health services for purposes of the development, acquisition, or implementation of state purchased health care as defined in RCW 41.05.011;

(12)(a) When supplied to and in the records of the department of community, trade, and economic development:

(i) Financial and proprietary information collected from any person and provided to the department of community, trade, and economic development pursuant to RCW 43.330.050(8) and 43.330.080(4); and

(ii) Financial or proprietary information collected from any person and provided to the department of community, trade, and economic development or the office of the governor in connection with the siting, recruitment, expansion, retention, or relocation of that person's business and until a siting decision is made, identifying information of any person supplying information under this subsection and the locations being considered for siting, relocation, or expansion of a business;

(b) When developed by the department of community, trade, and economic development based on information as described in (a)(i) of this subsection, any work product is not exempt from disclosure;

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(c) For the purposes of this subsection, "siting decision" means the decision to acquire or not to acquire a site;

(d) If there is no written contact for a period of sixty days to the department of community, trade, and economic development from a person connected with siting, recruitment, expansion, retention, or relocation of that person's business, information described in (a)(ii) of this subsection will be available to the public under this chapter;

(13) Financial and proprietary information submitted to or obtained by the department of ecology or the authority created under chapter 70.95N RCW to implement chapter 70.95N RCW;

(14) Financial, commercial, operations, and technical and research information and data submitted to or obtained by the life sciences discovery fund authority in applications for, or delivery of, grants under chapter 43.350 RCW, to the extent that such information, if revealed, would reasonably be expected to result in private loss to the providers of this information;

(15) Financial and commercial information provided as evidence to the department of licensing as required by RCW 19.112.110 or 19.112.120, except information disclosed in aggregate form that does not permit the identification of information related to individual fuel licensees;

(16) Any production records, mineral assessments, and trade secrets submitted by a permit holder, mine operator, or landowner to the department of natural resources under RCW 78.44.085; ~~(and)~~

(17)(a) Farm plans developed by conservation districts, unless permission to release the farm plan is granted by the landowner or operator who requested the plan, or the farm plan is used for the application or issuance of a permit(-);

(b) Farm plans developed under chapter 90.48 RCW and not under the federal clean water act, 33 U.S.C. Sec. 1251 are subject to RCW 42.56.610 and 90.64.190; and

(18) Financial, commercial, operations, and technical and research information and data submitted to or obtained by a health sciences and services authority in applications for, or delivery of, grants under sections 1 through 6 of this act, to the extent that such information, if revealed, would reasonably be expected to result in private loss to providers of this information.

Sec. 13. RCW 42.56.270 and 2006 c 369 s 2, 2006 c 341 s 6, 2006 c 338 s 5, 2006 c 209 s 7, 2006 c 183 s 37, and 2006 c 171 s 8 are each reenacted and amended to read as follows:

The following financial, commercial, and proprietary information is exempt from disclosure under this chapter:

(1) Valuable formulae, designs, drawings, computer source code or object code, and research data obtained by any agency within five years of the request for disclosure when disclosure would produce private gain and public loss;

(2) Financial information supplied by or on behalf of a person, firm, or corporation for the purpose of qualifying to submit a bid or proposal for (a) a ferry system construction or repair contract as required by RCW 47.60.680 through 47.60.750 or (b) highway construction or improvement as required by RCW 47.28.070;

(3) Financial and commercial information and records supplied by private persons pertaining to export services provided under chapters 43.163 and 53.31 RCW, and by persons pertaining to export projects under RCW 43.23.035;

(4) Financial and commercial information and records supplied by businesses or individuals during application for loans or program services provided by chapters 15.110, 43.163, 43.160, 43.330, and 43.168 RCW, or during application for economic development loans or program services provided by any local agency;

(5) Financial information, business plans, examination reports, and any information produced or obtained in evaluating or examining a business and industrial development corporation organized or seeking certification under chapter 31.24 RCW;

(6) Financial and commercial information supplied to the state investment board by any person when the information relates to the investment of public trust or retirement funds and when disclosure would result in loss to such funds or in private loss to the providers of this information;

(7) Financial and valuable trade information under RCW 51.36.120;

(8) Financial, commercial, operations, and technical and research information and data submitted to or obtained by the clean Washington center in applications for, or delivery of, program services under chapter 70.95H RCW;

(9) Financial and commercial information requested by the public stadium authority from any person or organization that leases or uses the stadium and exhibition center as defined in RCW 36.102.010;

(10) Financial information, including but not limited to account numbers and values, and other identification numbers supplied by or on behalf of a person, firm, corporation, limited liability company, partnership, or other entity related to an application for a horse racing license submitted pursuant to RCW 67.16.260(1)(b), liquor license, gambling license, or lottery retail license;

(11) Proprietary data, trade secrets, or other information that relates to: (a) A vendor's unique methods of conducting business; (b) data unique to the product or services of the vendor; or (c) determining prices or rates to be charged for services, submitted by any vendor to the department of social and health services for purposes of the development, acquisition, or implementation of state purchased health care as defined in RCW 41.05.011;

(12)(a) When supplied to and in the records of the department of community, trade, and economic development:

(i) Financial and proprietary information collected from any person and provided to the department of community, trade, and economic development pursuant to RCW 43.330.050(8) and 43.330.080(4); and

(ii) Financial or proprietary information collected from any person and provided to the department of community, trade, and economic development or the office of the governor in connection with the siting, recruitment, expansion, retention, or relocation of that person's business and until a siting decision is made, identifying information of any person supplying information under this subsection and the locations being considered for siting, relocation, or expansion of a business;

(b) When developed by the department of community, trade, and economic development based on information as described in (a)(i) of this subsection, any work product is not exempt from disclosure;

(c) For the purposes of this subsection, "siting decision" means the decision to acquire or not to acquire a site;

(d) If there is no written contact for a period of sixty days to the department of community, trade, and economic development from a person connected with siting, recruitment, expansion, retention, or relocation of that person's business, information described in (a)(ii) of this subsection will be available to the public under this chapter;

(13) Financial and proprietary information submitted to or obtained by the department of ecology or the authority created under chapter 70.95N RCW to implement chapter 70.95N RCW;

(14) Financial, commercial, operations, and technical and research information and data submitted to or obtained by the life sciences discovery fund authority in applications for, or delivery of, grants under chapter 43.350 RCW, to the extent that such information, if revealed, would reasonably be expected to result in private loss to the providers of this information;

(15) Financial and commercial information provided as evidence to the department of licensing as required by RCW 19.112.110 or 19.112.120, except information disclosed in aggregate form that does not permit the identification of information related to individual fuel licensees;

(16) Any production records, mineral assessments, and trade secrets submitted by a permit holder, mine operator, or landowner to the department of natural resources under RCW 78.44.085; ~~(and)~~

(17)(a) Farm plans developed by conservation districts, unless permission to release the farm plan is granted by the landowner or operator who requested the plan, or the farm plan is used for the application or issuance of a permit(-);

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(b) Farm plans developed under chapter 90.48 RCW and not under the federal clean water act, 33 U.S.C. Sec. 1251 et seq., are subject to RCW 42.56.610 and 90.64.190; and

(18) Financial, commercial, operations, and technical and research information and data submitted to or obtained by a health sciences and services authority in applications for, or delivery of, grants under sections 1 through 6 of this act, to the extent that such information, if revealed, would reasonably be expected to result in private loss to providers of this information.

NEW SECTION. Sec. 14. CAPTIONS. Captions used in this act are not any part of the law.

NEW SECTION. Sec. 15. SEVERABILITY. If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected.

NEW SECTION. Sec. 16. CODIFICATION. Sections 1 through 10 of this act constitute a new chapter in Title 35 RCW.

NEW SECTION. Sec. 17. EXPIRATION DATE. Section 12 of this act expires June 30, 2008.

NEW SECTION. Sec. 18. EFFECTIVE DATE. Section 13 of this act takes effect June 30, 2008."

Senator Marr spoke in favor of adoption of the striking amendment.

The President declared the question before the Senate to be the adoption of the striking amendment by Senators Marr and Brown to Engrossed Second Substitute House Bill No. 1705.

The motion by Senator Marr carried and the striking amendment was adopted by voice vote.

MOTION

There being no objection, the following title amendment was adopted:

On page 1, line 2 of the title, after "authorities;" strike the remainder of the title and insert "reenacting and amending RCW 42.56.270 and 42.56.270; adding a new section to chapter 82.14 RCW; adding a new chapter to Title 35 RCW; creating a new section; providing an effective date; and providing an expiration date."

MOTION

On motion of Senator Marr, the rules were suspended, Engrossed Second Substitute House Bill No. 1705 as amended by the Senate was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senator Marr spoke in favor of passage of the bill.

The President declared the question before the Senate to be the final passage of Engrossed Second Substitute House Bill No. 1705 as amended by the Senate.

ROLL CALL

The Secretary called the roll on the final passage of Engrossed Second Substitute House Bill No. 1705 as amended by the Senate and the bill passed the Senate by the following vote: Yeas, 48; Nays, 0; Absent, 0; Excused, 1.

Voting yea: Senators Benton, Berkey, Brandland, Brown, Carrell, Clements, Delvin, Eide, Fairley, Franklin, Fraser, Hargrove, Hatfield, Haugen, Hewitt, Hobbs, Holmquist, Honeyford, Jacobsen, Kastama, Kauffman, Keiser, Kilmer, Kline, Kohl-Welles, Marr, McAuliffe, McCaslin, Morton, Murray, Oemig, Parlette, Poulsen, Prentice, Pridemore, Rasmussen, Regala, Roach, Rockefeller, Schoesler, Sheldon, Shin, Spanel, Stevens, Swecker, Tom, Weinstein and Zarelli - 48

Excused: Senator Pflug - 1

ENGROSSED SECOND SUBSTITUTE HOUSE BILL NO. 1705 as amended by the Senate, having received the

constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

SECOND READING

SUBSTITUTE HOUSE BILL NO. 1988, by House Committee on Commerce & Labor (originally sponsored by Representatives Morrell, DeBolt, Lovick, Conway, Green, Hudgins and Kenney)

Changing provisions affecting security guards.

The measure was read the second time.

MOTION

Senator Keiser moved that the following committee striking amendment by the Committee on Labor, Commerce, Research & Development be adopted.

Strike everything after the enacting clause and insert the following:

"Sec. 1. RCW 18.170.010 and 2004 c 50 s 1 are each amended to read as follows:

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

(1) "Armed private security guard" means a private security guard who has a current firearms certificate issued by the commission and is licensed as an armed private security guard under this chapter.

(2) "Armored vehicle guard" means a person who transports in an armored vehicle under armed guard, from one place to another place, valuables, jewelry, currency, documents, or any other item that requires secure delivery.

(3) "Burglar alarm response runner" means a person employed by a private security company to respond to burglar alarm system signals.

(4) "Burglar alarm system" means a device or an assembly of equipment and devices used to detect or signal unauthorized intrusion, movement, or exit at a protected premises, other than in a vehicle, to which police or private security guards are expected to respond.

(5) "Chief law enforcement officer" means the elected or appointed police administrator of a municipal, county, or state police or sheriff's department that has full law enforcement powers in its jurisdiction.

(6) "Classroom instruction" means ~~((instruction))~~ training that takes place in a setting where individuals receiving training are assembled together and learn through lectures, study papers, class discussion, textbook study, or other means of organized formal education techniques, such as video, closed circuit, or other forms of electronic means, and as distinguished from ~~((on-the-job education or training))~~ individual instruction.

(7) "Commission" means the criminal justice training commission established in chapter 43.101 RCW.

(8) "Department" means the department of licensing.

(9) "Department-certified trainer" means any person who has been approved by the department by receiving a passing score on a department-administered examination, to administer department-provided examinations and attest that training or testing requirements have been met.

(10) "Director" means the director of the department of licensing.

~~((+0))~~ (11) "Employer" includes any individual, firm, corporation, partnership, association, company, society, manager, contractor, subcontractor, bureau, agency, service, office, or an agent of any of the foregoing that employs or seeks to enter into an arrangement to employ any person as a private security guard.

~~((+1))~~ (12) "Firearms certificate" means the certificate issued by the commission.

~~((+2))~~ (13) "Individual instruction" means training that takes place either on-the-job or through formal education techniques, such as video, closed circuit, internet, or other forms

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of electronic means, and as distinguished from classroom instruction.

(14) "Licensee" means a person granted a license required by this chapter.

~~((+3))~~ (15) "Person" includes any individual, firm, corporation, partnership, association, company, society, manager, contractor, subcontractor, bureau, agency, service, office, or an agent or employee of any of the foregoing.

~~((14) "Postassignment or on-the-job training" means training that occurs in either an assisted field environment or in a classroom instruction setting, or both.~~

~~(15) "Preassignment training" means the classroom training completed prior to being assigned to work independently.)~~

(16) "Principal corporate officer" means the president, vice-president, treasurer, secretary, comptroller, or any other person who performs the same functions for the corporation as performed by these officers.

(17) "Private security company" means a person or entity licensed under this chapter and engaged in the business of providing the services of private security guards on a contractual basis.

(18) "Private security guard" means an individual who is licensed under this chapter and principally employed as or typically referred to as one of the following:

- (a) Security officer or guard;
- (b) Patrol or merchant patrol service officer or guard;
- (c) Armed escort or bodyguard;
- (d) Armored vehicle guard;
- (e) Burglar alarm response runner; or
- (f) Crowd control officer or guard.

(19) "Qualifying agent" means an officer or manager of a corporation who meets the requirements set forth in this chapter for obtaining a license to own or operate a private security company.

(20) "Sworn peace officer" means a person who is an employee of the federal government, the state, a political subdivision, agency, or department branch of a municipality, or other unit of local government, and has law enforcement powers.

NEW SECTION. Sec. 2. A new section is added to chapter 18.170 RCW to read as follows:

(1) To promote the safety of persons and the security of property, the director shall meet with interested parties to develop lists of suggested preassignment, postassignment, and postassignment refresher training by rule.

(2) All security guards licensed on or after July 1, 2005, must complete at least eight hours of preassignment training, comprised of at least four hours of classroom instruction and an additional four hours of classroom instruction or individual instruction, or both. The preassignment training may be waived for any individual who was most recently employed full time as a sworn peace officer not more than five years prior to applying to become licensed as a private security guard and who passes the examination typically administered to applicants at the conclusion of the preassignment training.

(3)(a) All security guards licensed on or after July 1, 2005, must complete at least eight hours of initial postassignment training that shall be administered to each security guard. The initial postassignment training must be in the topic areas established by the director and may be classroom instruction or individual instruction, or both. A company may waive the initial postassignment training for security guards already licensed who transfer from another company, if the security guard presents appropriate training records signed by a department-certified trainer from the previous company, or a signed affidavit that the individual has already completed the required initial postassignment training provided by his or her previous company.

(b) Security guards who received their temporary security guard registration card on or before the effective date of this act must receive their initial postassignment training before June 30, 2008. Security guards who received their temporary security guard registration card after the effective date of this act must receive their initial postassignment training as specified in (c) and (d) of this subsection.

(c) Security guards licensed between January 1st and June 30th of any calendar year may receive eight hours of initial postassignment training any time between the day following the issuance of a temporary security guard registration card with their company and June 30th of the year following initial issuance of their license by the department.

(d) Security guards initially licensed between July 1st and December 31st of any calendar year may receive eight hours of initial postassignment training at any time between the day following the issuance of a temporary security guard registration card with their company and December 31st of the year following initial issuance of their license by the department.

(4) Following completion of the preassignment and postassignment training, at least four total hours of annual refresher training shall be administered to security guards each subsequent year. The subsequent year begins, for refresher training purposes, the day following the last date the security guard is required to receive the eight hours of initial postassignment training. No more than one hour per year of annual refresher training may focus directly on customer service related skills or topics and the remaining three hours per year of annual refresher training must focus on emergency response concepts, skills, or topics including but not limited to knowledge of site post orders or life safety.

(5) Companies must maintain records regarding the training hours completed by each employee. All such records are subject to inspection by the department. The training requirements and test results must be recorded and attested to by a department-certified trainer. Training records must contain a description of the topics covered, the name and signature of the trainer, and the name and signature of the security guard.

NEW SECTION. Sec. 3. RCW 18.170.100 (Training and testing requirements) and 2004 c 50 s 2, 1995 c 277 s 7, & 1991 c 334 s 10 are each repealed."

The President declared the question before the Senate to be the adoption of the committee striking amendment by the Committee on Labor, Commerce, Research & Development to Substitute House Bill No. 1988.

The motion by Senator Keiser carried and the committee striking amendment was adopted by voice vote.

MOTION

There being no objection, the following title amendment was adopted:

On page 1, line 1 of the title, after "training;" strike the remainder of the title and insert "amending RCW 18.170.010; adding a new section to chapter 18.170 RCW; and repealing RCW 18.170.100."

MOTION

On motion of Senator Keiser, the rules were suspended, Substitute House Bill No. 1988 as amended by the Senate was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senator Keiser spoke in favor of passage of the bill.

The President declared the question before the Senate to be the final passage of Substitute House Bill No. 1988 as amended by the Senate.

ROLL CALL

The Secretary called the roll on the final passage of Substitute House Bill No. 1988 as amended by the Senate and the bill passed the Senate by the following vote: Yeas, 48; Nays, 0; Absent, 0; Excused, 1.

Voting yeas: Senators Benton, Berkey, Brandland, Brown, Carrell, Clements, Delvin, Eide, Fairley, Franklin, Fraser, Hargrove, Hatfield, Haugen, Hewitt, Hobbs, Holmquist, Honeyford, Jacobsen, Kastama, Kauffman, Keiser, Kilmer, Kline, Kohl-Welles, Marr, McAuliffe, McCaslin, Morton,

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Murray, Oemig, Parlette, Poulsen, Prentice, Pridemore, Rasmussen, Regala, Roach, Rockefeller, Schoesler, Sheldon, Shin, Spanel, Stevens, Swecker, Tom, Weinstein and Zarelli - 48

Excused: Senator Pflug - 1

SUBSTITUTE HOUSE BILL NO. 1988 as amended by the Senate, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

SECOND READING

HOUSE BILL NO. 2032, by Representatives Takko and Hinkle

Concerning the tax deferral application process for fruit and vegetable processing and storage.

The measure was read the second time.

MOTION

On motion of Senator Rasmussen, the rules were suspended, House Bill No. 2032 was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senator Rasmussen spoke in favor of passage of the bill.

The President declared the question before the Senate to be the final passage of House Bill No. 2032.

ROLL CALL

The Secretary called the roll on the final passage of House Bill No. 2032 and the bill passed the Senate by the following vote: Yeas, 47; Nays, 1; Absent, 0; Excused, 1.

Voting yea: Senators Benton, Berkey, Brandland, Brown, Carrell, Clements, Delvin, Eide, Fairley, Franklin, Fraser, Hargrove, Hatfield, Haugen, Hewitt, Hobbs, Holmquist, Honeyford, Jacobsen, Kastama, Kauffman, Keiser, Kilmer, Kohl-Welles, Marr, McAuliffe, McCaslin, Morton, Murray, Oemig, Parlette, Poulsen, Prentice, Pridemore, Rasmussen, Regala, Roach, Rockefeller, Schoesler, Sheldon, Shin, Spanel, Stevens, Swecker, Tom, Weinstein and Zarelli - 47

Voting nay: Senator Kline - 1

Excused: Senator Pflug - 1

HOUSE BILL NO. 2032, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

SECOND READING

SUBSTITUTE HOUSE BILL NO. 2209, by House Committee on Health Care & Wellness (originally sponsored by Representatives Seaquist, Morrell, Curtis, Green, Moeller and Ormsby)

Allowing advanced registered nurse practitioners to examine and obtain copies of autopsy reports.

The measure was read the second time.

MOTION

Senator Franklin moved that the following committee striking amendment by the Committee on Health & Long-Term Care be adopted.

Strike everything after the enacting clause and insert the following:

"Sec. 1. RCW 68.50.105 and 1987 c 331 s 58 are each amended to read as follows:

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Reports and records of autopsies or post mortems shall be confidential, except that the following persons may examine and obtain copies of any such report or record: The personal representative of the decedent as defined in RCW 11.02.005, any family member, the attending physician or advanced registered nurse practitioner, the prosecuting attorney or law enforcement agencies having jurisdiction, public health officials, or to the department of labor and industries in cases in which it has an interest under RCW 68.50.103.

The coroner, the medical examiner, or the attending physician shall, upon request, meet with the family of the decedent to discuss the findings of the autopsy or post mortem. For the purposes of this section, the term "family" means the surviving spouse, or any child, parent, grandparent, grandchild, brother, or sister of the decedent, or any person who was guardian of the decedent at the time of death."

The President declared the question before the Senate to be the adoption of the committee striking amendment by the Committee on Health & Long-Term Care to Substitute House Bill No. 2209.

The motion by Senator Franklin carried and the committee striking amendment was adopted by voice vote.

MOTION

There being no objection, the following title amendment was adopted:

On page 1, line 2 of the title, after "records;" strike the remainder of the title and insert "and amending RCW 68.50.105."

MOTION

On motion of Senator Franklin, the rules were suspended, Substitute House Bill No. 2209 as amended by the Senate was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senator Franklin spoke in favor of passage of the bill.

The President declared the question before the Senate to be the final passage of Substitute House Bill No. 2209 as amended by the Senate.

ROLL CALL

The Secretary called the roll on the final passage of Substitute House Bill No. 2209 as amended by the Senate and the bill passed the Senate by the following vote: Yeas, 47; Nays, 0; Absent, 1; Excused, 1.

Voting yea: Senators Benton, Berkey, Brandland, Brown, Carrell, Clements, Delvin, Eide, Fairley, Franklin, Fraser, Hargrove, Hatfield, Haugen, Hewitt, Hobbs, Holmquist, Honeyford, Jacobsen, Kastama, Kauffman, Kilmer, Kline, Kohl-Welles, Marr, McAuliffe, McCaslin, Morton, Murray, Oemig, Parlette, Poulsen, Prentice, Pridemore, Rasmussen, Regala, Roach, Rockefeller, Schoesler, Sheldon, Shin, Spanel, Stevens, Swecker, Tom, Weinstein and Zarelli - 47

Absent: Senator Keiser - 1

Excused: Senator Pflug - 1

SUBSTITUTE HOUSE BILL NO. 2209 as amended by the Senate, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

RULING BY THE PRESIDENT

President Owen: "In ruling upon the point of order raised by Senator Kline that Amendment 455 is beyond the scope and object of House Bill 1270, the President finds and rules as follows:

The underlying bill relates to removing limitations on the

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time for repayment of specific consumer loans. The proposed amendment maintains this provision, but also adds language applicable to many types of loans—not simply consumer loans—relating to considering military status in making credit determinations. This language impermissibly expands the types of loans at issue and adds an entirely new subject not contemplated by the original measure.

For these reasons, the President finds that Amendment 455 is beyond the scope and object of the underlying bill, and Senator Kline's point is well-taken.

The Senate resumed consideration of House Bill No. 1270 which had been deferred earlier in the day.

MOTION

On motion of Senator Berkey, the rules were suspended, House Bill No. 1270 was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senator Berkey spoke in favor of passage of the bill.

The President declared the question before the Senate to be the final passage of House Bill No. 1270.

ROLL CALL

The Secretary called the roll on the final passage of House Bill No. 1270 and the bill passed the Senate by the following vote: Yeas, 48; Nays, 0; Absent, 0; Excused, 1.

Voting yea: Senators Benton, Berkey, Brandland, Brown, Carrell, Clements, Delvin, Eide, Fairley, Franklin, Fraser, Hargrove, Hatfield, Haugen, Hewitt, Hobbs, Holmquist, Honeyford, Jacobsen, Kastama, Kauffman, Keiser, Kilmer, Kline, Kohl-Welles, Marr, McAuliffe, McCaslin, Morton, Murray, Oemig, Parlette, Poulsen, Prentice, Pridemore, Rasmussen, Regala, Roach, Rockefeller, Schoesler, Sheldon, Shin, Spanel, Stevens, Swecker, Tom, Weinstein and Zarelli - 48

Excused: Senator Pflug - 1

HOUSE BILL NO. 1270, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

SECOND READING

ENGROSSED SUBSTITUTE HOUSE BILL NO. 1368, by House Committee on Local Government (originally sponsored by Representatives Simpson, Hinkle, Armstrong and Linville)

Concerning special purpose district commissioner per diem compensation.

The measure was read the second time.

MOTION

Senator Hatfield moved that the following committee striking amendment by the Committee on Government Operations & Elections be adopted.

Strike everything after the enacting clause and insert the following:

"**Sec. 1.** RCW 35.61.150 and 2002 c 88 s 6 are each amended to read as follows:

Metropolitan park commissioners selected by election according to RCW 35.61.050(2) shall perform their duties and may provide, by resolution passed by the commissioners, for the payment of compensation to each of its commissioners at a rate of up to ~~((seventy))~~ ninety dollars for each day or portion of a day ~~((devoted to the business))~~ spent in actual attendance at official meetings or in performance of other official services or

duties on behalf of the district. However, the compensation for each commissioner must not exceed ~~((six))~~ eight thousand ~~((seven))~~ six hundred ~~((twenty))~~ forty dollars per year.

Any commissioner may waive all or any portion of his or her compensation payable under this section as to any month or months during his or her term of office, by a written waiver filed with the clerk of the board. The waiver, to be effective, must be filed any time after the commissioner's election and prior to the date on which the compensation would otherwise be paid. The waiver shall specify the month or period of months for which it is made.

The dollar thresholds established in this section must be adjusted for inflation by the office of financial management every five years, beginning July 1, 2008, based upon changes in the consumer price index during that time period. "Consumer price index" means, for any calendar year, that year's annual average consumer price index, for Washington state, for wage earners and clerical workers, all items, compiled by the bureau of labor and statistics, United States department of labor. If the bureau of labor and statistics develops more than one consumer price index for areas within the state, the index covering the greatest number of people, covering areas exclusively within the boundaries of the state, and including all items shall be used for the adjustments for inflation in this section. The office of financial management must calculate the new dollar threshold and transmit it to the office of the code reviser for publication in the Washington State Register at least one month before the new dollar threshold is to take effect.

A person holding office as commissioner for two or more special purpose districts shall receive only that per diem compensation authorized for one of his or her commissioner positions as compensation for attending an official meeting or conducting official services or duties while representing more than one of his or her districts. However, such commissioner may receive additional per diem compensation if approved by resolution of all boards of the affected commissions.

Sec. 2. RCW 52.14.010 and 1998 c 121 s 2 are each amended to read as follows:

The affairs of the district shall be managed by a board of fire commissioners composed of three registered voters residing in the district except as provided in RCW 52.14.015 and 52.14.020. Each member shall each receive ~~((seventy))~~ ninety dollars per day or portion thereof, not to exceed ~~((six))~~ eight thousand ~~((seven))~~ six hundred ~~((twenty))~~ forty dollars per year, for time spent in actual attendance at official meetings of the board ~~((meetings and for))~~ or in performance of other services ~~((in))~~ or duties on behalf of the district.

In addition, they shall receive necessary expenses incurred in attending meetings of the board or when otherwise engaged in district business, and shall be entitled to receive the same insurance available to all firefighters of the district: PROVIDED, That the premiums for such insurance, except liability insurance, shall be paid by the individual commissioners who elect to receive it.

Any commissioner may waive all or any portion of his or her compensation payable under this section as to any month or months during his or her term of office, by a written waiver filed with the secretary as provided in this section. The waiver, to be effective, must be filed any time after the commissioner's election and prior to the date on which the compensation would otherwise be paid. The waiver shall specify the month or period of months for which it is made.

The board shall fix the compensation to be paid the secretary and all other agents and employees of the district. The board may, by resolution adopted by unanimous vote, authorize any of its members to serve as volunteer firefighters without compensation. A commissioner actually serving as a volunteer firefighter may enjoy the rights and benefits of a volunteer firefighter.

The dollar thresholds established in this section must be adjusted for inflation by the office of financial management every five years, beginning July 1, 2008, based upon changes in the consumer price index during that time period. "Consumer price index" means, for any calendar year, that year's annual average consumer price index, for Washington state, for wage

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earners and clerical workers, all items, compiled by the bureau of labor and statistics, United States department of labor. If the bureau of labor and statistics develops more than one consumer price index for areas within the state, the index covering the greatest number of people, covering areas exclusively within the boundaries of the state, and including all items shall be used for the adjustments for inflation in this section. The office of financial management must calculate the new dollar threshold and transmit it to the office of the code reviser for publication in the Washington State Register at least one month before the new dollar threshold is to take effect.

A person holding office as commissioner for two or more special purpose districts shall receive only that per diem compensation authorized for one of his or her commissioner positions as compensation for attending an official meeting or conducting official services or duties while representing more than one of his or her districts. However, such commissioner may receive additional per diem compensation if approved by resolution of all boards of the affected commissions.

Sec. 3. RCW 53.12.260 and 1998 c 121 s 3 are each amended to read as follows:

(1) Each commissioner of a port district shall receive ~~((seventy))~~ ninety dollars per day or portion thereof spent (a) in actual attendance at official meetings of the port district commission, or (b) in performance of other official services ~~((m))~~ or duties on behalf of the district. The total per diem compensation of a port commissioner shall not exceed ~~((six))~~ eight thousand ~~((seven))~~ six hundred ~~((twenty))~~ forty dollars in a year, or ~~((eight))~~ ten thousand ~~((four))~~ eight hundred dollars in any year for a port district with gross operating income of twenty-five million or more in the preceding calendar year.

(2) Port commissioners shall receive additional compensation as follows: (a) Each commissioner of a port district with gross operating revenues of twenty-five million dollars or more in the preceding calendar year shall receive a salary of five hundred dollars per month; and (b) each commissioner of a port district with gross operating revenues of from one million dollars to less than twenty-five million dollars in the preceding calendar year shall receive a salary of two hundred dollars per month.

(3) In lieu of the compensation specified in this section, a port commission may set compensation to be paid to commissioners.

(4) For any commissioner who has not elected to become a member of public employees retirement system before May 1, 1975, the compensation provided pursuant to this section shall not be considered salary for purposes of the provisions of any retirement system created pursuant to the general laws of this state nor shall attendance at such meetings or other service on behalf of the district constitute service as defined in RCW 41.40.010(9): PROVIDED, That in the case of a port district when commissioners are receiving compensation and contributing to the public employees retirement system, these benefits shall continue in full force and effect notwithstanding the provisions of RCW 53.12.260 and 53.12.265.

The dollar thresholds established in this section must be adjusted for inflation by the office of financial management every five years, beginning July 1, 2008, based upon changes in the consumer price index during that time period. "Consumer price index" means, for any calendar year, that year's annual average consumer price index, for Washington state, for wage earners and clerical workers, all items, compiled by the bureau of labor and statistics, United States department of labor. If the bureau of labor and statistics develops more than one consumer price index for areas within the state, the index covering the greatest number of people, covering areas exclusively within the boundaries of the state, and including all items shall be used for the adjustments for inflation in this section. The office of financial management must calculate the new dollar threshold and transmit it to the office of the code reviser for publication in the Washington State Register at least one month before the new dollar threshold is to take effect.

A person holding office as commissioner for two or more special purpose districts shall receive only that per diem compensation authorized for one of his or her commissioner

positions as compensation for attending an official meeting or conducting official services or duties while representing more than one of his or her districts. However, such commissioner may receive additional per diem compensation if approved by resolution of all boards of the affected commissions.

Sec. 4. RCW 54.12.080 and 1998 c 121 s 4 are each amended to read as follows:

(1) Commissioners of public utility districts are eligible to receive salaries as follows:

(a) Each public utility district commissioner of a district operating utility properties shall receive a salary of one thousand dollars per month during a calendar year if the district received total gross revenue of over fifteen million dollars during the fiscal year ending June 30th before the calendar year. However, the board of commissioners of such a public utility district may pass a resolution increasing the rate of salary up to thirteen hundred dollars per month.

(b) Each public utility district commissioner of a district operating utility properties shall receive a salary of seven hundred dollars per month during a calendar year if the district received total gross revenue of from two million dollars to fifteen million dollars during the fiscal year ending June 30th before the calendar year. However, the board of commissioners of such a public utility district may pass a resolution increasing the rate of salary up to nine hundred dollars per month.

(c) Commissioners of other districts shall serve without salary. However, the board of commissioners of such a public utility district may pass a resolution providing for salaries not exceeding four hundred dollars per month for each commissioner.

(2) In addition to salary, all districts may provide by resolution for the payment of per diem compensation to each commissioner at a rate not exceeding ~~((seventy))~~ ninety dollars for each day or ~~((major part thereof devoted to the business of the district, and days upon which he or she attends))~~ portion thereof spent in actual attendance at official meetings of the district commission or in performance of other official services or duties on behalf of the district, to include meetings of the commission of his or her district or meetings attended by one or more commissioners of two or more districts called to consider business common to them, but such compensation paid during any one year to a commissioner shall not exceed ~~((nine thousand eight))~~ twelve thousand six hundred dollars. Per diem compensation shall not be paid for services of a ministerial or professional nature.

(3) Any commissioner may waive all or any portion of his or her compensation payable under this section as to any month or months during his or her term of office, by a written waiver filed with the district as provided in this section. The waiver, to be effective, must be filed any time after the commissioner's election and prior to the date on which the compensation would otherwise be paid. The waiver shall specify the month or period of months for which it is made.

(4) Each district commissioner shall be reimbursed for reasonable expenses actually incurred in connection with such business and meetings, including his or her subsistence and lodging and travel while away from his or her place of residence.

(5) Any district providing group insurance for its employees, covering them, their immediate family, and dependents, may provide insurance for its commissioner with the same coverage. The dollar thresholds established in this section must be adjusted for inflation by the office of financial management every five years, beginning July 1, 2008, based upon changes in the consumer price index during that time period. "Consumer price index" means, for any calendar year, that year's annual average consumer price index, for Washington state, for wage earners and clerical workers, all items, compiled by the bureau of labor and statistics, United States department of labor. If the bureau of labor and statistics develops more than one consumer price index for areas within the state, the index covering the greatest number of people, covering areas exclusively within the boundaries of the state, and including all items shall be used for the adjustments for inflation in this section. The office of financial management must calculate the new dollar threshold

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and transmit it to the office of the code reviser for publication in the Washington State Register at least one month before the new dollar threshold is to take effect.

A person holding office as commissioner for two or more special purpose districts shall receive only that per diem compensation authorized for one of his or her commissioner positions as compensation for attending an official meeting or conducting official services or duties while representing more than one of his or her districts. However, such commissioner may receive additional per diem compensation if approved by resolution of all boards of the affected commissions.

Sec. 5. RCW 57.12.010 and 2001 c 63 s 1 are each amended to read as follows:

The governing body of a district shall be a board of commissioners consisting of three members, or five or seven members as provided in RCW 57.12.015. The board shall annually elect one of its members as president and another as secretary.

The board shall by resolution adopt rules governing the transaction of its business and shall adopt an official seal. All proceedings shall be by resolution recorded in a book kept for that purpose which shall be a public record.

A district shall provide by resolution for the payment of compensation to each of its commissioners at a rate of ~~((seventy))~~ ninety dollars for each day or portion thereof ~~((devoted to the business))~~ spent in actual attendance at official meetings of the district commission, or in performance of other official services or duties on behalf of the district. However the compensation for each commissioner shall not exceed ~~((six))~~ eight thousand ~~((seven))~~ six hundred ~~((twenty))~~ forty dollars per year. In addition, the secretary may be paid a reasonable sum for clerical services.

Any commissioner may waive all or any portion of his or her compensation payable under this section as to any month or months during the commissioner's term of office, by a written waiver filed with the district at any time after the commissioner's election and prior to the date on which the compensation would otherwise be paid. The waiver shall specify the month or period of months for which it is made.

No commissioner shall be employed full time by the district. A commissioner shall be reimbursed for reasonable expenses actually incurred in connection with district business, including subsistence and lodging while away from the commissioner's place of residence and mileage for use of a privately-owned vehicle at the mileage rate authorized in RCW 43.03.060.

The dollar thresholds established in this section must be adjusted for inflation by the office of financial management every five years, beginning July 1, 2008, based upon changes in the consumer price index during that time period. "Consumer price index" means, for any calendar year, that year's annual average consumer price index, for Washington state, for wage earners and clerical workers, all items, compiled by the bureau of labor and statistics, United States department of labor. If the bureau of labor and statistics develops more than one consumer price index for areas within the state, the index covering the greatest number of people, covering areas exclusively within the boundaries of the state, and including all items shall be used for the adjustments for inflation in this section. The office of financial management must calculate the new dollar threshold and transmit it to the office of the codereviser for publication in the Washington State Register at least one month before the new dollar threshold is to take effect.

A person holding office as commissioner for two or more special purpose districts shall receive only that per diem compensation authorized for one of his or her commissioner positions as compensation for attending an official meeting or conducting official services or duties while representing more than one of his or her districts. However, such commissioner may receive additional per diem compensation if approved by resolution of all boards of the affected commissions.

Sec. 6. RCW 68.52.220 and 1998 c 121 s 6 are each amended to read as follows:

The affairs of the district shall be managed by a board of cemetery district commissioners composed of three members. ~~((Members of the board shall receive expenses necessarily~~

~~incurred in attending meetings of the board or when otherwise engaged in district business.))~~ The board may provide, by resolution passed by the commissioners, for the payment of compensation to each of its commissioners, for a rate of up to ~~((seventy))~~ ninety dollars for each day or portion of a day ~~((devoted to the business))~~ spent in actual attendance at official meetings of the district commission, or in performance of other official services or duties on behalf of the district. However, the compensation for each commissioner must not exceed ~~((six))~~ eight thousand ~~((seven))~~ six hundred ~~((twenty))~~ forty dollars per year.

Any commissioner may waive all or any portion of his or her compensation payable under this section as to any month or months during his or her term of office, by a written waiver filed with the clerk of the board. The waiver, to be effective, must be filed any time after the commissioner's election and prior to the date on which the compensation would otherwise be paid. The waiver shall specify the month or period of months for which it is made. The board shall fix the compensation to be paid the secretary and other employees of the district. Cemetery district commissioners and candidates for cemetery district commissioner are exempt from the requirements of chapter 42.17 RCW.

The initial cemetery district commissioners shall assume office immediately upon their election and qualification. Staggering of terms of office shall be accomplished as follows: (1) The person elected receiving the greatest number of votes shall be elected to a six-year term of office if the election is held in an odd-numbered year or a five-year term of office if the election is held in an even-numbered year; (2) the person who is elected receiving the next greatest number of votes shall be elected to a four-year term of office if the election is held in an odd-numbered year or a three-year term of office if the election is held in an even-numbered year; and (3) the other person who is elected shall be elected to a two-year term of office if the election is held in an odd-numbered year or a one-year term of office if the election is held in an even-numbered year. The initial commissioners shall assume office immediately after they are elected and qualified but their terms of office shall be calculated from the first day of January after the election.

Thereafter, commissioners shall be elected to six-year terms of office. Commissioners shall serve until their successors are elected and qualified and assume office as provided in RCW ~~((29.04.170))~~ 29A.20.040.

The polling places for a cemetery district election may be located inside or outside the boundaries of the district, as determined by the auditor of the county in which the cemetery district is located, and no such election shall be held irregular or void on that account.

The dollar thresholds established in this section must be adjusted for inflation by the office of financial management every five years, beginning July 1, 2008, based upon changes in the consumer price index during that time period. "Consumer price index" means, for any calendar year, that year's annual average consumer price index, for Washington state, for wage earners and clerical workers, all items, compiled by the bureau of labor and statistics, United States department of labor. If the bureau of labor and statistics develops more than one consumer price index for areas within the state, the index covering the greatest number of people, covering areas exclusively within the boundaries of the state, and including all items shall be used for the adjustments for inflation in this section. The office of financial management must calculate the new dollar threshold and transmit it to the office of the code reviser for publication in the Washington State Register at least one month before the new dollar threshold is to take effect.

A person holding office as commissioner for two or more special purpose districts shall receive only that per diem compensation authorized for one of his or her commissioner positions as compensation for attending an official meeting or conducting official services or duties while representing more than one of his or her districts. However, such commissioner may receive additional per diem compensation if approved by resolution of all boards of the affected commissions.

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Sec. 7. RCW 70.44.050 and 1998 c 121 s 7 are each amended to read as follows:

A district shall provide by resolution for the payment of compensation to each of its commissioners at a rate of ~~((seventy)) ninety~~ dollars for each day or portion thereof ~~((devoted to the business of the district, and days upon which he or she attends))~~ spent in actual attendance at official meetings of the district commission, or in performance of other official services or duties on behalf of the district, to include meetings of the commission of his or her own district, or meetings attended by one or more commissioners of two or more districts called to consider business common to them, except that the total compensation paid to such commissioner during any one year shall not exceed ~~((six)) eight~~ thousand ~~((seven)) six~~ hundred ~~((twenty)) forty~~ dollars. The commissioners may not be compensated for services performed of a ministerial or professional nature.

Any commissioner may waive all or any portion of his or her compensation payable under this section as to any month or months during his or her term of office, by a written waiver filed with the district as provided in this section. The waiver, to be effective, must be filed any time after the commissioner's election and prior to the date on which the compensation would otherwise be paid. The waiver shall specify the month or period of months for which it is made.

Any district providing group insurance for its employees, covering them, their immediate family, and dependents, may provide insurance for its commissioners with the same coverage. Each commissioner shall be reimbursed for reasonable expenses actually incurred in connection with such business and meetings, including his or her subsistence and lodging and travel while away from his or her place of residence. No resolution shall be adopted without a majority vote of the whole commission. The commission shall organize by election of its own members of a president and secretary, shall by resolution adopt rules governing the transaction of its business and shall adopt an official seal. All proceedings of the commission shall be by motion or resolution recorded in a book or books kept for such purpose, which shall be public records.

The dollar thresholds established in this section must be adjusted for inflation by the office of financial management every five years, beginning July 1, 2008, based upon changes in the consumer price index during that time period. "Consumer price index" means, for any calendar year, that year's annual average consumer price index, for Washington state, for wage earners and clerical workers, all items, compiled by the bureau of labor and statistics, United States department of labor. If the bureau of labor and statistics develops more than one consumer price index for areas within the state, the index covering the greatest number of people, covering areas exclusively within the boundaries of the state, and including all items shall be used for the adjustments for inflation in this section. The office of financial management must calculate the new dollar threshold and transmit it to the office of the code reviser for publication in the Washington State Register at least one month before the new dollar threshold is to take effect.

A person holding office as commissioner for two or more special purpose districts shall receive only that per diem compensation authorized for one of his or her commissioner positions as compensation for attending an official meeting or conducting official services or duties while representing more than one of his or her districts. However, such commissioner may receive additional per diem compensation if approved by resolution of all boards of the affected commissions.

Sec. 8. RCW 85.05.410 and 1998 c 121 s 8 are each amended to read as follows:

Members of the board of diking commissioners of any diking district in this state may receive as compensation the sum of up to ~~((seventy)) ninety~~ dollars for actual attendance at official meetings of the district and for each day or ~~((major))~~ part thereof ~~((for all necessary services actually performed in connection with their duties as commissioners)), or in performance of other official services or duties on behalf of the district~~ and shall receive the same compensation as other labor of a like character for all other necessary work or services

performed in connection with their duties: PROVIDED, That such compensation shall not exceed ~~((six)) eight~~ thousand ~~((seven)) six~~ hundred ~~((twenty)) forty~~ dollars in one calendar year, except when the commissioners declare an emergency. Allowance of such compensation shall be established and approved at regular meetings of the board, and when a copy of the extracts of minutes of the board meeting relative thereto showing such approval is certified by the secretary of such board and filed with the county auditor, the allowance made shall be paid as are other claims against the district.

Each commissioner is entitled to reimbursement for reasonable expenses actually incurred in connection with such business, including subsistence and lodging, while away from the commissioner's place of residence, and mileage for use of a privately owned vehicle in accordance with chapter 42.24 RCW.

Any commissioner may waive all or any portion of his or her compensation payable under this section as to any month or months during his or her term of office, by a written waiver filed with the secretary as provided in this section. The waiver, to be effective, must be filed any time after the commissioner's election and prior to the date on which the compensation would otherwise be paid. The waiver shall specify the month or period of months for which it is made.

The dollar thresholds established in this section must be adjusted for inflation by the office of financial management every five years, beginning July 1, 2008, based upon changes in the consumer price index during that time period. "Consumer price index" means, for any calendar year, that year's annual average consumer price index, for Washington state, for wage earners and clerical workers, all items, compiled by the bureau of labor and statistics, United States department of labor. If the bureau of labor and statistics develops more than one consumer price index for areas within the state, the index covering the greatest number of people, covering areas exclusively within the boundaries of the state, and including all items shall be used for the adjustments for inflation in this section. The office of financial management must calculate the new dollar threshold and transmit it to the office of the code reviser for publication in the Washington State Register at least one month before the new dollar threshold is to take effect.

A person holding office as commissioner for two or more special purpose districts shall receive only that per diem compensation authorized for one of his or her commissioner positions as compensation for attending an official meeting or conducting official services or duties while representing more than one of his or her districts. However, such commissioner may receive additional per diem compensation if approved by resolution of all boards of the affected commissions.

Sec. 9. RCW 85.06.380 and 1998 c 121 s 9 are each amended to read as follows:

In performing their duties under the provisions of this title the board and members of the board of drainage commissioners may receive as compensation up to ~~((seventy)) ninety~~ dollars ~~((for))~~ per day or portion thereof spent in actual attendance at official meetings of the district ~~((and for each day or major part thereof for all necessary services actually performed in connection with their duties as commissioners)), or in performance of other official services or duties on behalf of the district:~~ PROVIDED, That such compensation shall not exceed ~~((six)) eight~~ thousand ~~((seven)) six~~ hundred ~~((twenty)) forty~~ dollars in one calendar year: PROVIDED FURTHER, That such services and compensation are allowed and approved at a regular meeting of the board. Upon the submission of a copy, certified by the secretary, of the extracts of the relevant minutes of the board showing such approval, to the county auditor, the same shall be paid as other claims against the district are paid. Each commissioner is entitled to reimbursement for reasonable expenses actually incurred in connection with such business, including subsistence and lodging, while away from the commissioner's place of residence and mileage for use of a privately-owned vehicle in accordance with chapter 42.24 RCW.

Any commissioner may waive all or any portion of his or her compensation payable under this section as to any month or months during his or her term of office, by a written waiver filed with the secretary as provided in this section. The waiver, to be

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effective, must be filed any time after the commissioner's election and prior to the date on which the compensation would otherwise be paid. The waiver shall specify the month or period of months for which it is made.

The dollar thresholds established in this section must be adjusted for inflation by the office of financial management every five years, beginning July 1, 2008, based upon changes in the consumer price index during that time period. "Consumer price index" means, for any calendar year, that year's annual average consumer price index, for Washington state, for wage earners and clerical workers, all items, compiled by the bureau of labor and statistics, United States department of labor. If the bureau of labor and statistics develops more than one consumer price index for areas within the state, the index covering the greatest number of people, covering areas exclusively within the boundaries of the state, and including all items shall be used for the adjustments for inflation in this section. The office of financial management must calculate the new dollar threshold and transmit it to the office of the code reviser for publication in the Washington State Register at least one month before the new dollar threshold is to take effect.

A person holding office as commissioner for two or more special purpose districts shall receive only that per diem compensation authorized for one of his or her commissioner positions as compensation for attending an official meeting or conducting official services or duties while representing more than one of his or her districts. However, such commissioner may receive additional per diem compensation if approved by resolution of all boards of the affected commissions.

Sec. 10. RCW 85.08.320 and 1998 c 121 s 10 are each amended to read as follows:

The compensation of the superintendent of construction, the board of appraisers hereinafter provided for, and any special engineer, attorney or agent employed by the district in connection with the improvement, the maximum wages to be paid, and the maximum price of materials to be used, shall be fixed by the district board of supervisors. Members of the board of supervisors may receive compensation up to ~~((seventy))~~ ninety dollars ~~((for attending each official meeting of the district and for each day or major part thereof for all necessary services actually performed in connection with their duties as supervisors))~~ per day or portion thereof spent in actual attendance at official meetings of the district, or in performance of other official services or duties on behalf of the district. ~~PROVIDED, That such compensation shall not exceed ((six))~~ eight thousand ((seven)) six hundred ((twenty)) forty dollars in one calendar year. Each supervisor shall be entitled to reimbursement for reasonable expenses actually incurred in connection with business, including subsistence and lodging while away from the supervisor's place of residence and mileage for use of a privately owned vehicle in accordance with chapter 42.24 RCW. All costs of construction or maintenance done under the direction of the board of supervisors shall be paid upon vouchers or payrolls verified by two of the said supervisors. All costs of construction and all other expenses, fees and charges on account of such improvement shall be paid by warrants drawn by the county auditor upon the county treasurer upon the proper fund, and shall draw interest at a rate determined by the county legislative authority until paid or called by the county treasurer as warrants of the county are called.

Any supervisor may waive all or any portion of his or her compensation payable under this section as to any month or months during his or her term of office, by a written waiver filed with the secretary as provided in this section. The waiver, to be effective, must be filed any time after the supervisor's election and prior to the date on which the compensation would otherwise be paid. The waiver shall specify the month or period of months for which it is made.

The dollar thresholds established in this section must be adjusted for inflation by the office of financial management every five years, beginning July 1, 2008, based upon changes in the consumer price index during that time period. "Consumer price index" means, for any calendar year, that year's annual average consumer price index, for Washington state, for wage

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earners and clerical workers, all items, compiled by the bureau of labor and statistics, United States department of labor. If the bureau of labor and statistics develops more than one consumer price index for areas within the state, the index covering the greatest number of people, covering areas exclusively within the boundaries of the state, and including all items shall be used for the adjustments for inflation in this section. The office of financial management must calculate the new dollar threshold and transmit it to the office of the codereviser for publication in the Washington State Register at least one month before the new dollar threshold is to take effect.

A person holding office as commissioner for two or more special purpose districts shall receive only that per diem compensation authorized for one of his or her commissioner positions as compensation for attending an official meeting or conducting official services or duties while representing more than one of his or her districts. However, such commissioner may receive additional per diem compensation if approved by resolution of all boards of the affected commissions.

Sec. 11. RCW 85.24.080 and 1998 c 121 s 11 are each amended to read as follows:

The members of the board may receive as compensation up to ~~((seventy))~~ ninety dollars ~~((for attendance at official meetings of the district and for each day or major part thereof for all necessary services actually performed in connection with their duties as commissioners))~~ per day or portion thereof spent in actual attendance at official meetings of the district, or in performance of other official services or duties on behalf of the district. ~~PROVIDED, That such compensation shall not exceed ((six))~~ eight thousand ((seven)) six hundred ((twenty)) forty dollars in one calendar year. ~~PROVIDED FURTHER, That the board may fix a different salary for the secretary thereof in lieu of the per diem. Each commissioner is entitled to reimbursement for reasonable expenses actually incurred in connection with such business, including subsistence and lodging, while away from the commissioner's place of residence, and mileage for use of a privately owned vehicle in accordance with chapter 42.24 RCW. The salary and expenses shall be paid by the treasurer of the fund, upon orders made by the board. Each member of the board must before being paid for expenses, take vouchers therefore from the person or persons to whom the particular amount was paid, and must also make affidavit that the amounts were necessarily incurred and expended in the performance of his or her duties.~~

Any commissioner may waive all or any portion of his or her compensation payable under this section as to any month or months during his or her term of office, by a written waiver filed with the secretary as provided in this section. The waiver, to be effective, must be filed any time after the commissioner's election and prior to the date on which the compensation would otherwise be paid. The waiver shall specify the month or period of months for which it is made.

The dollar thresholds established in this section must be adjusted for inflation by the office of financial management every five years, beginning July 1, 2008, based upon changes in the consumer price index during that time period. "Consumer price index" means, for any calendar year, that year's annual average consumer price index, for Washington state, for wage earners and clerical workers, all items, compiled by the bureau of labor and statistics, United States department of labor. If the bureau of labor and statistics develops more than one consumer price index for areas within the state, the index covering the greatest number of people, covering areas exclusively within the boundaries of the state, and including all items shall be used for the adjustments for inflation in this section. The office of financial management must calculate the new dollar threshold and transmit it to the office of the code reviser for publication in the Washington State Register at least one month before the new dollar threshold is to take effect.

A person holding office as commissioner for two or more special purpose districts shall receive only that per diem compensation authorized for one of his or her commissioner positions as compensation for attending an official meeting or conducting official services or duties while representing more than one of his or her districts. However, such commissioner

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may receive additional per diem compensation if approved by resolution of all boards of the affected commissions.

Sec. 12. RCW 86.09.283 and 1998 c 121 s 13 are each amended to read as follows:

The board of directors may each receive up to ~~((seventy))~~ ninety dollars ~~((for attendance at official meetings of the board and for each day or major part thereof for all necessary services actually performed in connection with their duties as director))~~ per day or portion thereof spent in actual attendance at official meetings of the board, or in performance of other official services or duties on behalf of the board. The board shall fix the compensation to be paid to the directors, secretary, and all other agents and employees of the district. Compensation for the directors shall not exceed ~~((six))~~ eight thousand ~~((seven))~~ six hundred ~~((twenty))~~ forty dollars in one calendar year. A director is entitled to reimbursement for reasonable expenses actually incurred in connection with such business, including subsistence and lodging, while away from the director's place of residence, and mileage for use of a privately owned vehicle in accordance with chapter 42.24 RCW.

Any director may waive all or any portion of his or her compensation payable under this section as to any month or months during his or her term of office, by a written waiver filed with the secretary as provided in this section. The waiver, to be effective, must be filed any time after the director's election and prior to the date on which the compensation would otherwise be paid. The waiver shall specify the month or period of months for which it is made.

The dollar thresholds established in this section must be adjusted for inflation by the office of financial management every five years, beginning July 1, 2008, based upon changes in the consumer price index during that time period. "Consumer price index" means, for any calendar year, that year's annual average consumer price index, for Washington state, for wage earners and clerical workers, all items, compiled by the bureau of labor and statistics, United States department of labor. If the bureau of labor and statistics develops more than one consumer price index for areas within the state, the index covering the greatest number of people, covering areas exclusively within the boundaries of the state, and including all items shall be used for the adjustments for inflation in this section. The office of financial management must calculate the new dollar threshold and transmit it to the office of the code reviser for publication in the Washington State Register at least one month before the new dollar threshold is to take effect.

A person holding office as commissioner for two or more special purpose districts shall receive only that per diem compensation authorized for one of his or her commissioner positions as compensation for attending an official meeting or conducting official services or duties while representing more than one of his or her districts. However, such commissioner may receive additional per diem compensation if approved by resolution of all boards of the affected commissions.

Sec. 13. RCW 87.03.460 and 1998 c 121 s 14 are each amended to read as follows:

In addition to their reasonable expenses in accordance with chapter 42.24 RCW, the directors shall each receive an amount for attending meetings and while performing other services for the district. The amount shall be fixed by resolution and entered in the minutes of the proceedings of the board. It shall not exceed ~~((seventy))~~ ninety dollars for each day or portion thereof spent by a director for such actual attendance at official meetings of the district, or in performance of other official services or duties on behalf of the district. The total amount of such additional compensation received by a director may not exceed ~~((six))~~ eight thousand ~~((seven))~~ six hundred ~~((twenty))~~ forty dollars in a calendar year. The board shall fix the compensation of the secretary and all other employees.

Any director may waive all or any portion of his or her compensation payable under this section as to any month or months during his or her term of office, by a written waiver filed with the secretary as provided in this section. The waiver, to be effective, must be filed any time after the director's election and prior to the date on which the compensation would otherwise be

paid. The waiver shall specify the month or period of months for which it is made.

The dollar thresholds established in this section must be adjusted for inflation by the office of financial management every five years, beginning July 1, 2008, based upon changes in the consumer price index during that time period. "Consumer price index" means, for any calendar year, that year's annual average consumer price index, for Washington state, for wage earners and clerical workers, all items, compiled by the bureau of labor and statistics, United States department of labor. If the bureau of labor and statistics develops more than one consumer price index for areas within the state, the index covering the greatest number of people, covering areas exclusively within the boundaries of the state, and including all items shall be used for the adjustments for inflation in this section. The office of financial management must calculate the new dollar threshold and transmit it to the office of the code reviser for publication in the Washington State Register at least one month before the new dollar threshold is to take effect.

A person holding office as commissioner for two or more special purpose districts shall receive only that per diem compensation authorized for one of his or her commissioner positions as compensation for attending an official meeting or conducting official services or duties while representing more than one of his or her districts. However, such commissioner may receive additional per diem compensation if approved by resolution of all boards of the affected commissions.

Sec. 14. RCW 36.57A.050 and 1998 c 121 s 15 are each amended to read as follows:

Within sixty days of the establishment of the boundaries of the public transportation benefit area the members of the county legislative authority and the elected representative of each city within the area shall provide for the selection of the governing body of such area, the public transportation benefit area authority, which shall consist of elected officials selected by and serving at the pleasure of the governing bodies of component cities within the area and the county legislative authority of each county within the area. If at the time a public transportation benefit area authority assumes the public transportation functions previously provided under the Interlocal Cooperation Act (chapter 39.34 RCW) there are citizen positions on the governing board of the transit system, those positions may be retained as positions on the governing board of the public transportation benefit area authority.

Within such sixty-day period, any city may by resolution of its legislative body withdraw from participation in the public transportation benefit area. The county legislative authority and each city remaining in the public transportation benefit area may disapprove and prevent the establishment of any governing body of a public transportation benefit area if the composition thereof does not meet its approval.

In no case shall the governing body of a single county public transportation benefit area be greater than nine members and in the case of a multicounty area, fifteen members. Those cities within the transportation benefit area and excluded from direct membership on the authority are hereby authorized to designate a member of the authority who shall be entitled to represent the interests of such city which is excluded from direct membership on the authority. The legislative body of such city shall notify the authority as to the determination of its authorized representative on the authority.

Each member of the authority is eligible to be reimbursed for travel expenses in accordance with RCW 43.03.050 and 43.03.060 and to receive compensation, as set by the authority, in an amount not to exceed forty-four dollars for each day during which the member attends official meetings of the authority or performs prescribed duties approved by the chairman of the authority. Except that the authority may, by resolution, increase the payment of per diem compensation to each member from forty-four dollars up to ~~((seventy))~~ ninety dollars per day or portion of a day for actual attendance at board meetings ~~((and))~~ or for performance of other official services or duties on behalf of the authority. In no event may a member be compensated in any year for more than seventy-five days, except the chairman who may be paid compensation for not more than

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one hundred days: PROVIDED, That compensation shall not be paid to an elected official or employee of federal, state, or local government who is receiving regular full-time compensation from such government for attending meetings and performing prescribed duties of the authority.

The dollar thresholds established in this section must be adjusted for inflation by the office of financial management every five years, beginning July 1, 2008, based upon changes in the consumer price index during that time period. "Consumer price index" means, for any calendar year, that year's annual average consumer price index, for Washington state, for wage earners and clerical workers, all items, compiled by the bureau of labor and statistics, United States department of labor. If the bureau of labor and statistics develops more than one consumer price index for areas within the state, the index covering the greatest number of people, covering areas exclusively within the boundaries of the state, and including all items shall be used for the adjustments for inflation in this section. The office of financial management must calculate the new dollar threshold and transmit it to the office of the code reviser for publication in the Washington State Register at least one month before the new dollar threshold is to take effect.

A person holding office as commissioner for two or more special purpose districts shall receive only that per diem compensation authorized for one of his or her commissioner positions as compensation for attending an official meeting or conducting official services or duties while representing more than one of his or her districts. However, such commissioner may receive additional per diem compensation if approved by resolution of all boards of the affected commissions.

Sec. 15. RCW 85.38.075 and 1998 c 121 s 12 are each amended to read as follows:

The members of the governing body may each receive up to ~~((seventy))~~ ninety dollars ~~((for))~~ per day or portion thereof spent in actual attendance at official meetings of the governing body ~~((and for each day or major part thereof for all necessary services actually performed in connection with their duties as a member))~~ or in performance of other official services or duties on behalf of the district. The governing body shall fix the compensation to be paid to the members, secretary, and all other agents and employees of the district. Compensation for the members shall not exceed ~~((six))~~ eight thousand ~~((seven))~~ six hundred ~~((twenty))~~ forty dollars in one calendar year. A member is entitled to reimbursement for reasonable expenses actually incurred in connection with such business, including subsistence and lodging, while away from the member's place of residence, and mileage for use of a privately owned vehicle in accordance with chapter 42.24 RCW.

Any member may waive all or any portion of his or her compensation payable under this section as to any month or months during his or her term of office, by a written waiver filed with the secretary as provided in this section. The waiver, to be effective, must be filed any time after the member's election and prior to the date on which the compensation would otherwise be paid. The waiver shall specify the month or period of months for which it is made.

The dollar thresholds established in this section must be adjusted for inflation by the office of financial management every five years, beginning July 1, 2008, based upon changes in the consumer price index during that time period. "Consumer price index" means, for any calendar year, that year's annual average consumer price index, for Washington state, for wage earners and clerical workers, all items, compiled by the bureau of labor and statistics, United States department of labor. If the bureau of labor and statistics develops more than one consumer price index for areas within the state, the index covering the greatest number of people, covering areas exclusively within the boundaries of the state, and including all items shall be used for the adjustments for inflation in this section. The office of financial management must calculate the new dollar threshold and transmit it to the office of the code reviser for publication in the Washington State Register at least one month before the new dollar threshold is to take effect.

A person holding office as commissioner for two or more special purpose districts shall receive only that per diem

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compensation authorized for one of his or her commissioner positions as compensation for attending an official meeting or conducting official services or duties while representing more than one of his or her districts. However, such commissioner may receive additional per diem compensation if approved by resolution of all boards of the affected commissions."

The President declared the question before the Senate to be the adoption of the committee striking amendment by the Committee on Government Operations & Elections to Engrossed Substitute House Bill No. 1368.

The motion by Senator Hatfield carried and the committee striking amendment was adopted by voice vote.

MOTION

There being no objection, the following title amendment was adopted:

On page 1, line 2 of the title, after "compensation," strike the remainder of the title and insert "and amending RCW 35.61.150, 52.14.010, 53.12.260, 54.12.080, 57.12.010, 68.52.220, 70.44.050, 85.05.410, 85.06.380, 85.08.320, 85.24.080, 86.09.283, 87.03.460, 36.57A.050, and 85.38.075."

MOTION

On motion of Senator Hatfield, the rules were suspended, Engrossed Substitute House Bill No. 1368 as amended by the Senate was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senator Hatfield spoke in favor of passage of the bill.

The President declared the question before the Senate to be the final passage of Engrossed Substitute House Bill No. 1368 as amended by the Senate.

ROLL CALL

The Secretary called the roll on the final passage of Engrossed Substitute House Bill No. 1368 as amended by the Senate and the bill passed the Senate by the following vote: Yeas, 48; Nays, 0; Absent, 0; Excused, 1.

Voting yea: Senators Benton, Berkeley, Brandland, Brown, Carrell, Clements, Delvin, Eide, Fairley, Franklin, Fraser, Hargrove, Hatfield, Haugen, Hewitt, Hobbs, Holmquist, Honeyford, Jacobsen, Kastama, Kauffman, Keiser, Kilmer, Kline, Kohl-Welles, Marr, McAuliffe, McCaslin, Morton, Murray, Oemig, Parlette, Poulsen, Prentice, Pridemore, Rasmussen, Regala, Roach, Rockefeller, Schoesler, Sheldon, Shin, Spanel, Stevens, Swecker, Tom, Weinstein and Zarelli - 48

Excused: Senator Pflug - 1

ENGROSSED SUBSTITUTE HOUSE BILL NO. 1368 as amended by the Senate, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

SECOND READING

HOUSE BILL NO. 1450, by Representatives Sells, Strow, Miloscia, Curtis, O'Brien, B. Sullivan, Roberts, Lovick, Appleton, Kenney, Ormsby and Hasegawa

Modifying provisions that exempt housing for very low-income households from taxation.

The measure was read the second time.

MOTION

Senator Kilmer moved that the following committee striking amendment by the Committee on Consumer Protection &

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Housing be not adopted.

Strike everything after the enacting clause and insert the following:

"**Sec. 1.** RCW 84.36.560 and 2001 1st sp.s. c 7 s 1 are each amended to read as follows:

(1) The real and personal property owned or used by a nonprofit entity in providing rental housing for very low-income households or used to provide space for the placement of a mobile home for a very low-income household within a mobile home park is exempt from taxation if:

(a) The benefit of the exemption inures to the nonprofit entity;

(b) At least seventy-five percent of the occupied dwelling units in the rental housing or lots in a mobile home park are occupied by a very low-income household; and

(c) The rental housing or lots in a mobile home park were insured, financed, or assisted in whole or in part through one or more of the following sources:

(i) A federal or state housing program administered by the department of community, trade, and economic development; ~~((or))~~

(ii) A federal housing program administered by a city or county government;

(iii) An affordable housing levy authorized under RCW 84.52.105; or

(iv) The surcharges authorized by RCW 36.22.178 and 36.22.179 and any of the surcharges authorized in chapter 43.185C RCW.

(2) If less than seventy-five percent of the occupied dwelling units within the rental housing or lots in the mobile home park are occupied by very low-income households, the rental housing or mobile home park is eligible for a partial exemption on the real property and a total exemption of the housing's or park's personal property as follows:

(a) A partial exemption shall be allowed for each dwelling unit in the rental housing or for each lot in a mobile home park occupied by a very low-income household.

(b) The amount of exemption shall be calculated by multiplying the assessed value of the property reasonably necessary to provide the rental housing or to operate the mobile home park by a fraction. The numerator of the fraction is the number of dwelling units or lots occupied by very low-income households as of December 31st of the first assessment year in which the rental housing or mobile home park becomes operational or on January 1st of each subsequent assessment year for which the exemption is claimed. The denominator of the fraction is the total number of dwelling units or lots occupied as of December 31st of the first assessment year the rental housing or mobile home park becomes operational and January 1st of each subsequent assessment year for which exemption is claimed.

(3) If a currently exempt rental housing unit in a facility with ten units or fewer or mobile home lot in a mobile home park with ten lots or fewer was occupied by a very low-income household at the time the exemption was granted and the income of the household subsequently rises above fifty percent of the median income but remains at or below eighty percent of the median income, the exemption will continue as long as the housing continues to meet the certification requirements of a very low-income housing program ~~((administered by the department of community, trade, and economic development or the affordable housing levy under RCW 84.52.105))~~ listed in subsection (1) of this section. For purposes of this section, median income, as most recently determined by the federal department of housing and urban development for the county in which the rental housing or mobile home park is located, shall be adjusted for family size. However, if a dwelling unit or a lot becomes vacant and is subsequently rented, the income of the new household must be at or below fifty percent of the median income adjusted for family size as most recently determined by the federal department of housing and urban development for the county in which the rental housing or mobile home park is located to remain exempt from property tax.

(4) If at the time of initial application the property is unoccupied, or subsequent to the initial application the property

is unoccupied because of renovations, and the property is not currently being used for the exempt purpose authorized by this section but will be used for the exempt purpose within two assessment years, the property shall be eligible for a property tax exemption for the assessment year in which the claim for exemption is submitted under the following conditions:

(a) A commitment for financing to acquire, construct, renovate, or otherwise convert the property to provide housing for very low-income households has been obtained, in whole or in part, by the nonprofit entity claiming the exemption from(~~:~~

~~(i) A federal or state housing program administered by the department of community, trade, and economic development; or~~
~~(ii) An affordable housing levy authorized under RCW 84.52.105))~~ one or more of the sources listed in subsection (1)(c) of this section;

(b) The nonprofit entity has manifested its intent in writing to construct, remodel, or otherwise convert the property to housing for very low-income households; and

(c) Only the portion of property that will be used to provide housing or lots for very low-income households shall be exempt under this section.

(5) To be exempt under this section, the property must be used exclusively for the purposes for which the exemption is granted, except as provided in RCW 84.36.805.

(6) The nonprofit entity qualifying for a property tax exemption under this section may agree to make payments to the city, county, or other political subdivision for improvements, services, and facilities furnished by the city, county, or political subdivision for the benefit of the rental housing. However, these payments shall not exceed the amount last levied as the annual tax of the city, county, or political subdivision upon the property prior to exemption.

(7) As used in this section:

(a) "Group home" means a single-family dwelling financed, in whole or in part, by ~~((the department of community, trade, and economic development or by an affordable housing levy under RCW 84.52.105))~~ one or more of the sources listed in subsection (1)(c) of this section. The residents of a group home shall not be considered to jointly constitute a household, but each resident shall be considered to be a separate household occupying a separate dwelling unit. The individual incomes of the residents shall not be aggregated for purposes of this exemption;

(b) "Mobile home lot" or "mobile home park" means the same as these terms are defined in RCW 59.20.030;

(c) "Occupied dwelling unit" means a living unit that is occupied by an individual or household as of December 31st of the first assessment year the rental housing becomes operational or is occupied by an individual or household on January 1st of each subsequent assessment year in which the claim for exemption is submitted. If the housing facility is comprised of three or fewer dwelling units and there are any unoccupied units on January 1st, the department shall base the amount of the exemption upon the number of occupied dwelling units as of December 31st of the first assessment year the rental housing becomes operational and on May 1st of each subsequent assessment year in which the claim for exemption is submitted;

(d) "Rental housing" means a residential housing facility or group home that is occupied but not owned by very low-income households;

(e) "Very low-income household" means a single person, family, or unrelated persons living together whose income is at or below fifty percent of the median income adjusted for family size as most recently determined by the federal department of housing and urban development for the county in which the rental housing is located and in effect as of January 1st of the year the application for exemption is submitted; and

(f) "Nonprofit entity" means a:

(i) Nonprofit as defined in RCW 84.36.800 that is exempt from income tax under section 501(c) of the federal internal revenue code;

(ii) Limited partnership where a nonprofit as defined in RCW 84.36.800 that is exempt from income tax under section 501(c) of the federal internal revenue code, a public corporation established under RCW 35.21.660, 35.21.670, or 35.21.730, a

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housing authority created under RCW 35.82.030 or 35.82.300, or a housing authority meeting the definition in RCW 35.82.210(2)(a) is a general partner; or

(iii) Limited liability company where a nonprofit as defined in RCW 84.36.800 that is exempt from income tax under section 501(c) of the federal internal revenue code, a public corporation established under RCW 35.21.660, 35.21.670, or 35.21.730, a housing authority established under RCW 35.82.030 or 35.82.300, or a housing authority meeting the definition in RCW 35.82.210(2)(a) is a managing member.

Sec. 2. RCW 84.40.030 and 2001 c 187 s 17 are each amended to read as follows:

All property shall be valued at one hundred percent of its true and fair value in money and assessed on the same basis unless specifically provided otherwise by law.

Taxable leasehold estates shall be valued at such price as they would bring at a fair, voluntary sale for cash without any deductions for any indebtedness owed including rentals to be paid.

The true and fair value of real property for taxation purposes (including property upon which there is a coal or other mine, or stone or other quarry) shall be based upon the following criteria:

(1) Any sales of the property being appraised or similar properties with respect to sales made within the past five years. The appraisal shall be consistent with the comprehensive land use plan, development regulations under chapter 36.70A RCW, zoning, and any other governmental policies or practices in effect at the time of appraisal that affect the use of property, as well as physical and environmental influences. An assessment may not be determined by a method that assumes a land usage or highest and best use not permitted, for that property being appraised, under existing zoning or land use planning ordinances or statutes or other government restrictions. The appraisal shall also take into account: (a) In the use of sales by real estate contract as similar sales, the extent, if any, to which the stated selling price has been increased by reason of the down payment, interest rate, or other financing terms; and (b) the extent to which the sale of a similar property actually represents the general effective market demand for property of such type, in the geographical area in which such property is located. Sales involving deed releases or similar seller-developer financing arrangements shall not be used as sales of similar property.

(2) In addition to sales as defined in subsection (1) of this section, consideration may be given to cost, cost less depreciation, reconstruction cost less depreciation, or capitalization of income that would be derived from prudent use of the property, as limited by law or ordinance. Consideration should be given to any agreement, between an owner of rental housing and any government agency, that restricts rental income, appreciation, and liquidity; and to the impact of government restrictions on operating expenses and on ownership rights in general of such housing. In the case of property of a complex nature, or being used under terms of a franchise from a public agency, or operating as a public utility, or property not having a record of sale within five years and not having a significant number of sales of similar property in the general area, the provisions of this subsection shall be the dominant factors in valuation. When provisions of this subsection are relied upon for establishing values the property owner shall be advised upon request of the factors used in arriving at such value.

(3) In valuing any tract or parcel of real property, the true and fair value of the land, exclusive of structures thereon shall be determined; also the true and fair value of structures thereon, but the valuation shall not exceed the true and fair value of the total property as it exists. In valuing agricultural land, growing crops shall be excluded."

On page 1, line 2 of the title, after "taxation;" strike the remainder of the title and insert "and amending RCW 84.36.560 and 84.40.030."

The President declared the question before the Senate to be the motion by Senator Kilmer to not adopt the committee striking amendment by the Committee on Consumer Protection & Housing to House Bill No. 1450.

The motion by Senator Kilmer carried and the committee striking amendment was not adopted by voice vote.

MOTION

Senator Kilmer moved that the following striking amendment by Senators Kilmer, Prentice and Weinstein be adopted:

Strike everything after the enacting clause and insert the following:

"**Sec. 1.** RCW 84.36.560 and 2001 1st sp.s. c 7 s 1 are each amended to read as follows:

(1) The real and personal property owned or used by a nonprofit entity in providing rental housing for very low-income households or used to provide space for the placement of a mobile home for a very low-income household within a mobile home park is exempt from taxation if:

(a) The benefit of the exemption inures to the nonprofit entity;

(b) At least seventy-five percent of the occupied dwelling units in the rental housing or lots in a mobile home park are occupied by a very low-income household; and

(c) The rental housing or lots in a mobile home park were insured, financed, or assisted in whole or in part through one or more of the following sources:

(i) A federal or state housing program administered by the department of community, trade, and economic development; ~~((or))~~

(ii) A federal housing program administered by a city or county government;

(iii) An affordable housing levy authorized under RCW 84.52.105; or

(iv) The surcharges authorized by RCW 36.22.178 and 36.22.179 and any of the surcharges authorized in chapter 43.185C RCW.

(2) If less than seventy-five percent of the occupied dwelling units within the rental housing or lots in the mobile home park are occupied by very low-income households, the rental housing or mobile home park is eligible for a partial exemption on the real property and a total exemption of the housing's or park's personal property as follows:

(a) A partial exemption shall be allowed for each dwelling unit in the rental housing or for each lot in a mobile home park occupied by a very low-income household.

(b) The amount of exemption shall be calculated by multiplying the assessed value of the property reasonably necessary to provide the rental housing or to operate the mobile home park by a fraction. The numerator of the fraction is the number of dwelling units or lots occupied by very low-income households as of December 31st of the first assessment year in which the rental housing or mobile home park becomes operational or on January 1st of each subsequent assessment year for which the exemption is claimed. The denominator of the fraction is the total number of dwelling units or lots occupied as of December 31st of the first assessment year the rental housing or mobile home park becomes operational and January 1st of each subsequent assessment year for which exemption is claimed.

(3) If a currently exempt rental housing unit in a facility with ten units or fewer or mobile home lot in a mobile home park with ten lots or fewer was occupied by a very low-income household at the time the exemption was granted and the income of the household subsequently rises above fifty percent of the median income but remains at or below eighty percent of the median income, the exemption will continue as long as the housing continues to meet the certification requirements of a very low-income housing program ~~((administered by the department of community, trade, and economic development or the affordable housing levy under RCW 84.52.105))~~ listed in subsection (1) of this section. For purposes of this section, median income, as most recently determined by the federal department of housing and urban development for the county in which the rental housing or mobile home park is located, shall be adjusted for family size. However, if a dwelling unit or a lot becomes vacant and is subsequently re-rented, the income of the

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new household must be at or below fifty percent of the median income adjusted for family size as most recently determined by the federal department of housing and urban development for the county in which the rental housing or mobile home park is located to remain exempt from property tax.

(4) If at the time of initial application the property is unoccupied, or subsequent to the initial application the property is unoccupied because of renovations, and the property is not currently being used for the exempt purpose authorized by this section but will be used for the exempt purpose within two assessment years, the property shall be eligible for a property tax exemption for the assessment year in which the claim for exemption is submitted under the following conditions:

(a) A commitment for financing to acquire, construct, renovate, or otherwise convert the property to provide housing for very low-income households has been obtained, in whole or in part, by the nonprofit entity claiming the exemption from(~~(~~

~~(i) A federal or state housing program administered by the department of community, trade, and economic development; or~~
~~(ii) An affordable housing levy authorized under RCW 84.52.105)~~ one or more of the sources listed in subsection (1)(c) of this section;

(b) The nonprofit entity has manifested its intent in writing to construct, remodel, or otherwise convert the property to housing for very low-income households; and

(c) Only the portion of property that will be used to provide housing or lots for very low-income households shall be exempt under this section.

(5) To be exempt under this section, the property must be used exclusively for the purposes for which the exemption is granted, except as provided in RCW 84.36.805.

(6) The nonprofit entity qualifying for a property tax exemption under this section may agree to make payments to the city, county, or other political subdivision for improvements, services, and facilities furnished by the city, county, or political subdivision for the benefit of the rental housing. However, these payments shall not exceed the amount last levied as the annual tax of the city, county, or political subdivision upon the property prior to exemption.

(7) As used in this section:

(a) "Group home" means a single-family dwelling financed, in whole or in part, by ~~(the department of community, trade, and economic development or by an affordable housing levy under RCW 84.52.105)~~ one or more of the sources listed in subsection (1)(c) of this section. The residents of a group home shall not be considered to jointly constitute a household, but each resident shall be considered to be a separate household occupying a separate dwelling unit. The individual incomes of the residents shall not be aggregated for purposes of this exemption;

(b) "Mobile home lot" or "mobile home park" means the same as these terms are defined in RCW 59.20.030;

(c) "Occupied dwelling unit" means a living unit that is occupied by an individual or household as of December 31st of the first assessment year the rental housing becomes operational or is occupied by an individual or household on January 1st of each subsequent assessment year in which the claim for exemption is submitted. If the housing facility is comprised of three or fewer dwelling units and there are any unoccupied units on January 1st, the department shall base the amount of the exemption upon the number of occupied dwelling units as of December 31st of the first assessment year the rental housing becomes operational and on May 1st of each subsequent assessment year in which the claim for exemption is submitted;

(d) "Rental housing" means a residential housing facility or group home that is occupied but not owned by very low-income households;

(e) "Very low-income household" means a single person, family, or unrelated persons living together whose income is at or below fifty percent of the median income adjusted for family size as most recently determined by the federal department of housing and urban development for the county in which the rental housing is located and in effect as of January 1st of the year the application for exemption is submitted; and

(f) "Nonprofit entity" means a:

(i) Nonprofit as defined in RCW 84.36.800 that is exempt from income tax under section 501(c) of the federal internal revenue code;

(ii) Limited partnership where a nonprofit as defined in RCW 84.36.800 that is exempt from income tax under section 501(c) of the federal internal revenue code, a public corporation established under RCW 35.21.660, 35.21.670, or 35.21.730, a housing authority created under RCW 35.82.030 or 35.82.300, or a housing authority meeting the definition in RCW 35.82.210(2)(a) is a general partner; or

(iii) Limited liability company where a nonprofit as defined in RCW 84.36.800 that is exempt from income tax under section 501(c) of the federal internal revenue code, a public corporation established under RCW 35.21.660, 35.21.670, or 35.21.730, a housing authority established under RCW 35.82.030 or 35.82.300, or a housing authority meeting the definition in RCW 35.82.210(2)(a) is a managing member.

Sec. 2. RCW 84.40.030 and 2001 c 187 s 17 are each amended to read as follows:

All property shall be valued at one hundred percent of its true and fair value in money and assessed on the same basis unless specifically provided otherwise by law.

Taxable leasehold estates shall be valued at such price as they would bring at a fair, voluntary sale for cash without any deductions for any indebtedness owed including rentals to be paid.

The true and fair value of real property for taxation purposes (including property upon which there is a coal or other mine, or stone or other quarry) shall be based upon the following criteria:

(1) Any sales of the property being appraised or similar properties with respect to sales made within the past five years. The appraisal shall be consistent with the comprehensive land use plan, development regulations under chapter 36.70A RCW, zoning, and any other governmental policies or practices in effect at the time of appraisal that affect the use of property, as well as physical and environmental influences. An assessment may not be determined by a method that assumes a land usage or highest and best use not permitted, for that property being appraised, under existing zoning or land use planning ordinances or statutes or other government restrictions. The appraisal shall also take into account: (a) In the use of sales by real estate contract as similar sales, the extent, if any, to which the stated selling price has been increased by reason of the down payment, interest rate, or other financing terms; and (b) the extent to which the sale of a similar property actually represents the general effective market demand for property of such type, in the geographical area in which such property is located. Sales involving deed releases or similar seller-developer financing arrangements shall not be used as sales of similar property.

(2) In addition to sales as defined in subsection (1) of this section, consideration may be given to cost, cost less depreciation, reconstruction cost less depreciation, or capitalization of income that would be derived from prudent use of the property, as limited by law or ordinance. Consideration should be given to any agreement, between an owner of rental housing and any government agency, that restricts rental income, appreciation, and liquidity; and to the impact of government restrictions on operating expenses and on ownership rights in general of such housing. In the case of property of a complex nature, or being used under terms of a franchise from a public agency, or operating as a public utility, or property not having a record of sale within five years and not having a significant number of sales of similar property in the general area, the provisions of this subsection shall be the dominant factors in valuation. When provisions of this subsection are relied upon for establishing values the property owner shall be advised upon request of the factors used in arriving at such value.

(3) In valuing any tract or parcel of real property, the true and fair value of the land, exclusive of structures thereon shall be determined; also the true and fair value of structures thereon, but the valuation shall not exceed the true and fair value of the total property as it exists. In valuing agricultural land, growing crops shall be excluded."

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Senator Kilmer spoke in favor of adoption of the striking amendment.

POINT OF INQUIRY

Senator Schoesler: "Would Senator Kilmer yield to a question?"

Senator Kilmer: "No."

The President declared the question before the Senate to be the adoption of the striking amendment by Senators Kilmer, Prentice and Weinstein to House Bill No. 1450.

The motion by Senator Kilmer carried and the striking amendment was adopted by voice vote.

MOTION

There being no objection, the following title amendment was adopted:

On page 1, line 2 of the title, after "taxation;" strike the remainder of the title and insert "and amending RCW 84.36.560 and 84.40.030."

MOTION

On motion of Senator Kilmer, the rules were suspended, House Bill No. 1450 as amended by the Senate was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senator Kilmer spoke in favor of passage of the bill.

MOTION

On motion of Senator Regala, Senators Murray, Prentice and Pridemore were excused.

The President declared the question before the Senate to be the final passage of House Bill No. 1450 as amended by the Senate.

ROLL CALL

The Secretary called the roll on the final passage of House Bill No. 1450 as amended by the Senate and the bill passed the Senate by the following vote: Yeas, 45; Nays, 2; Absent, 0; Excused, 2.

Voting yea: Senators Benton, Berkey, Brandland, Brown, Carrell, Clements, Delvin, Eide, Fairley, Franklin, Fraser, Hargrove, Hatfield, Haugen, Hewitt, Hobbs, Honeyford, Jacobsen, Kastama, Kauffman, Keiser, Kilmer, Kline, Kohl-Welles, Marr, McAuliffe, McCaslin, Murray, Oemig, Parlette, Poulsen, Prentice, Rasmussen, Regala, Roach, Rockefeller, Schoesler, Sheldon, Shin, Spanel, Stevens, Swecker, Tom, Weinstein and Zarelli - 45

Voting nay: Senators Holmquist and Morton - 2

Excused: Senators Pflug and Pridemore - 2

HOUSE BILL NO. 1450 as amended by the Senate, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

SECOND READING

HOUSE BILL NO. 1789, by Representatives Kagi, Priest, Hunter, Jarrett, Dunshee, Orcutt, Linville, Strow, Dickerson, McCoy, B. Sullivan, Lantz, Hunt, Chase, Rodne and Schual-Berke

Minimizing threats to the environment caused by leaking home heating oil tanks.

The measure was read the second time.

MOTION

On motion of Senator Rockefeller, the rules were suspended, House Bill No. 1789 was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senator Rockefeller spoke in favor of passage of the bill.

The President declared the question before the Senate to be the final passage of House Bill No. 1789.

ROLL CALL

The Secretary called the roll on the final passage of House Bill No. 1789 and the bill passed the Senate by the following vote: Yeas, 44; Nays, 2; Absent, 1; Excused, 2.

Voting yea: Senators Benton, Berkey, Brandland, Brown, Carrell, Clements, Delvin, Eide, Fairley, Franklin, Fraser, Hargrove, Hatfield, Haugen, Hewitt, Hobbs, Holmquist, Honeyford, Jacobsen, Kastama, Kauffman, Keiser, Kilmer, Kline, Kohl-Welles, Marr, McAuliffe, Murray, Oemig, Parlette, Poulsen, Prentice, Rasmussen, Regala, Roach, Rockefeller, Schoesler, Sheldon, Shin, Stevens, Swecker, Tom, Weinstein and Zarelli - 44

Voting nay: Senators McCaslin and Morton - 2

Absent: Senator Spanel - 1

Excused: Senators Pflug and Pridemore - 2

HOUSE BILL NO. 1789, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

MOTION

On motion of Senator Eide, the Senate advanced to the seventh order of business.

THIRD READING

HOUSE BILL NO. 1291, by Representatives Quall, Priest, Wood, Condotta, Moeller, Conway and Simpson.

Allowing advance deposit wagering to continue beyond October 1, 2007.

The bill was read on Third Reading.

Senator Kohl-Welles spoke in favor of passage of the bill.

PARLIAMENTARY INQUIRY

Senator Fairley: "Does this bill necessitate the sixty percent vote?"

REPLY BY THE PRESIDENT

President Owen: "It does."

MOTION

On motion of Senator Regala, Senators Pridemore and Spanel were excused.

The President declared the question before the Senate to be the final passage of House Bill No. 1291.

ROLL CALL

The Secretary called the roll on the final passage of House

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Bill No. 1291 and the bill passed the Senate by the following vote: Yeas, 42; Nays, 3; Absent, 1; Excused, 3.

Voting yea: Senators Benton, Berkey, Brandland, Brown, Carrell, Clements, Delvin, Eide, Franklin, Fraser, Hatfield, Haugen, Hewitt, Hobbs, Holmquist, Honeyford, Jacobsen, Kastama, Kauffman, Keiser, Kilmer, Kline, Kohl-Welles, Marr, McAuliffe, McCaslin, Morton, Murray, Oemig, Parlette, Poulsen, Rasmussen, Regala, Roach, Rockefeller, Schoesler, Sheldon, Shin, Stevens, Tom, Weinstein and Zarelli - 42

Voting nay: Senators Fairley, Prentice and Swecker - 3

Absent: Senator Hargrove - 1

Excused: Senators Pflug, Pridemore and Spanel - 3

HOUSE BILL NO. 1291, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

MOTION

On motion of Senator Eide, the Senate reverted to the sixth order of business.

SECOND READING

HOUSE BILL NO. 1706, by Representatives Conway, Hunt, Wood, Hurst, Simpson and Appleton

Concerning jurisdiction under the Indian gaming regulatory act.

The measure was read the second time.

MOTION

On motion of Senator Kohl-Welles, the rules were suspended, House Bill No. 1706 was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senators Kohl-Welles, Prentice and Kauffman spoke in favor of passage of the bill.

Senators Clements and Honeyford spoke against passage of the bill.

The President declared the question before the Senate to be the final passage of House Bill No. 1706.

ROLL CALL

The Secretary called the roll on the final passage of House Bill No. 1706 and the bill passed the Senate by the following vote: Yeas, 40; Nays, 8; Absent, 0; Excused, 1.

Voting yea: Senators Benton, Berkey, Brown, Carrell, Delvin, Eide, Fairley, Franklin, Fraser, Hargrove, Hatfield, Haugen, Hewitt, Hobbs, Jacobsen, Kastama, Kauffman, Keiser, Kilmer, Kline, Kohl-Welles, Marr, McAuliffe, Murray, Oemig, Parlette, Poulsen, Prentice, Pridemore, Rasmussen, Regala, Roach, Rockefeller, Sheldon, Shin, Spanel, Swecker, Tom, Weinstein and Zarelli - 40

Voting nay: Senators Brandland, Clements, Holmquist, Honeyford, McCaslin, Morton, Schoesler and Stevens - 8

Excused: Senator Pflug - 1

HOUSE BILL NO. 1706, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

SECOND READING

SUBSTITUTE HOUSE BILL NO. 2056, by House Committee on Agriculture & Natural Resources (originally sponsored by Representatives Lantz, Goodman, Sells, McCoy, Hunt and Simpson)

Requiring recycling receptacles at official gatherings and

sports facilities.

The measure was read the second time.

MOTION

On motion of Senator Rockefeller, the rules were suspended, Substitute House Bill No. 2056 was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senator Rockefeller spoke in favor of passage of the bill.

The President declared the question before the Senate to be the final passage of Substitute House Bill No. 2056.

ROLL CALL

The Secretary called the roll on the final passage of Substitute House Bill No. 2056 and the bill passed the Senate by the following vote: Yeas, 40; Nays, 7; Absent, 1; Excused, 1.

Voting yea: Senators Benton, Berkey, Brandland, Brown, Carrell, Clements, Delvin, Eide, Fairley, Franklin, Fraser, Hargrove, Hatfield, Hobbs, Jacobsen, Kastama, Kauffman, Keiser, Kilmer, Kline, Kohl-Welles, Marr, McAuliffe, Murray, Oemig, Parlette, Poulsen, Prentice, Pridemore, Rasmussen, Regala, Roach, Rockefeller, Sheldon, Shin, Spanel, Swecker, Tom, Weinstein and Zarelli - 40

Voting nay: Senators Hewitt, Holmquist, Honeyford, McCaslin, Morton, Schoesler and Stevens - 7

Absent: Senator Haugen - 1

Excused: Senator Pflug - 1

SUBSTITUTE HOUSE BILL NO. 2056, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

SECOND READING

SUBSTITUTE HOUSE BILL NO. 1892, by House Committee on Transportation (originally sponsored by Representatives Goodman, Rodne, O'Brien, Jarrett, Lovick and Priest)

Addressing the impoundment of vehicles parked on public streets by police officers.

The measure was read the second time.

MOTION

On motion of Senator Murray, the rules were suspended, Substitute House Bill No. 1892 was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senator Murray spoke in favor of passage of the bill.

The President declared the question before the Senate to be the final passage of Substitute House Bill No. 1892.

ROLL CALL

The Secretary called the roll on the final passage of Substitute House Bill No. 1892 and the bill passed the Senate by the following vote: Yeas, 33; Nays, 15; Absent, 0; Excused, 1.

Voting yea: Senators Berkey, Brandland, Brown, Delvin, Eide, Fairley, Franklin, Fraser, Hargrove, Haugen, Hobbs, Jacobsen, Kastama, Keiser, Kilmer, Kline, Kohl-Welles, Marr, McAuliffe, McCaslin, Morton, Murray, Oemig, Poulsen, Prentice, Pridemore, Rasmussen, Regala, Rockefeller, Spanel, Swecker, Tom and Weinstein - 33

Voting nay: Senators Benton, Carrell, Clements, Hatfield, Hewitt, Holmquist, Honeyford, Kauffman, Parlette, Roach,

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Schoesler, Sheldon, Shin, Stevens and Zarelli - 15

Excused: Senator Pflug - 1

SUBSTITUTE HOUSE BILL NO. 1892, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

SECOND READING

CONFIRMATION OF GUBERNATORIAL APPOINTMENTS

MOTION

Senator Rockefeller moved that Gubernatorial Appointment No. 9139, Lawrence Kenney, as a member of the Executive Board of the Washington Public Power Supply System, Energy Northwest, be confirmed.

Senators Rockefeller and Sheldon spoke in favor of the motion.

APPOINTMENT OF LAWRENCE KENNEY

The President declared the question before the Senate to be the confirmation of Gubernatorial Appointment No. 9139, Lawrence Kenney as a member of the Executive Board of the Washington Public Power Supply System, Energy Northwest.

The Secretary called the roll on the confirmation of Gubernatorial Appointment No. 9139, Lawrence Kenney as a member of the Executive Board of the Washington Public Power Supply System, Energy Northwest and the appointment was confirmed by the following vote: Yeas, 47; Nays, 0; Absent, 1; Excused, 1.

Voting yea: Senators Berkey, Brandland, Brown, Carrell, Clements, Delvin, Eide, Fairley, Franklin, Fraser, Hargrove, Hatfield, Haugen, Hewitt, Hobbs, Holmquist, Honeyford, Jacobsen, Kastama, Kauffman and Keiser - 21

Absent: Senator Benton - 1

Gubernatorial Appointment No. 9139, Lawrence Kenney, having received the constitutional majority was declared confirmed as a member of the Executive Board of the Washington Public Power Supply System, Energy Northwest.

MOTION

On motion of Senator Regala, Senator Pridemore was excused.

SECOND READING

CONFIRMATION OF GUBERNATORIAL APPOINTMENTS

MOTION

Senator Rockefeller moved that Gubernatorial Appointment No. 9173, Dave Remington, as a member of the Executive Board of the Washington Public Power Supply System, Energy Northwest, be confirmed.

Senators Rockefeller and Marr spoke in favor of the motion.

APPOINTMENT OF DAVE REMINGTON

The President declared the question before the Senate to be the confirmation of Gubernatorial Appointment No. 9173, Dave Remington as a member of the Executive Board of the Washington Public Power Supply System, Energy Northwest.

The Secretary called the roll on the confirmation of Gubernatorial Appointment No. 9173, Dave Remington as a member of the Executive Board of the Washington Public Power Supply System, Energy Northwest and the appointment was confirmed by the following vote: Yeas, 47; Nays, 0;

Absent, 0; Excused, 2.

Voting yea: Senators Benton, Berkey, Brandland, Brown, Carrell, Clements, Delvin, Eide, Fairley, Franklin, Fraser, Hargrove, Hatfield, Haugen, Hewitt, Hobbs, Holmquist, Honeyford, Jacobsen, Kastama, Kauffman, Keiser, Kilmer, Kline, Kohl-Welles, Marr, McAuliffe, McCaslin, Morton, Murray, Oemig, Parlette, Poulsen, Prentice, Rasmussen, Regala, Roach, Rockefeller, Schoesler, Sheldon, Shin, Spanel, Stevens, Swecker, Tom, Weinstein and Zarelli - 47

Excused: Senators Pflug and Pridemore - 2

Gubernatorial Appointment No. 9173, Dave Remington, having received the constitutional majority was declared confirmed as a member of the Executive Board of the Washington Public Power Supply System, Energy Northwest.

SECOND READING

ENGROSSED SUBSTITUTE HOUSE BILL NO. 1047, by House Committee on Commerce & Labor (originally sponsored by Representatives Williams and Blake)

Modifying provisions affecting alcohol content in food products and confections. Revised for 1st Substitute: Concerning alcohol content in food products and confections.

The measure was read the second time.

MOTION

On motion of Senator Kohl-Welles, the rules were suspended, Engrossed Substitute House Bill No. 1047 was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senator Kohl-Welles spoke in favor of passage of the bill.

MOTION

On motion of Senator Regala, Senator Poulsen was excused.

The President declared the question before the Senate to be the final passage of Engrossed Substitute House Bill No. 1047.

ROLL CALL

The Secretary called the roll on the final passage of Engrossed Substitute House Bill No. 1047 and the bill passed the Senate by the following vote: Yeas, 47; Nays, 0; Absent, 0; Excused, 2.

Voting yea: Senators Benton, Berkey, Brandland, Brown, Carrell, Clements, Delvin, Eide, Fairley, Franklin, Fraser, Hargrove, Hatfield, Haugen, Hewitt, Hobbs, Holmquist, Honeyford, Jacobsen, Kastama, Kauffman, Keiser, Kilmer, Kline, Kohl-Welles, Marr, McAuliffe, McCaslin, Morton, Murray, Oemig, Parlette, Poulsen, Prentice, Rasmussen, Regala, Roach, Rockefeller, Schoesler, Sheldon, Shin, Spanel, Stevens, Swecker, Tom, Weinstein and Zarelli - 47

Excused: Senators Pflug and Pridemore - 2

ENGROSSED SUBSTITUTE HOUSE BILL NO. 1047, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

SECOND READING

SECOND SUBSTITUTE HOUSE BILL NO. 1656, by House Committee on Appropriations (originally sponsored by Representatives Rolfes, Upthegrove, B. Sullivan, Appleton, Chase, Santos, Dickerson and Sells)

Establishing the Puget Sound scientific research account.

The measure was read the second time.

MOTION

Senator Rockefeller moved that the following committee striking amendment by the Committee on Water, Energy & Telecommunications be adopted.

Strike everything after the enacting clause and insert the following:

"NEW SECTION. Sec. 1. Although research about conditions in Puget Sound have been studied during the past several decades, the legislature finds that there is no coordinated, focused, comprehensive Puget Sound science program capable of setting research priorities for Puget Sound science. The legislature finds that environmental problems in Puget Sound are complex and that research is needed to provide information that can guide protective and restorative actions, and to explore and understand the impacts of a changing environment. The legislature also finds that there is no predictable funding process for Puget Sound research projects, including the aquatic rehabilitation zone one. The legislature declares that the state needs a process to focus the scientific effort on the Puget Sound ecosystem and to distribute research funds.

NEW SECTION. Sec. 2. A new section is added to chapter 90.71 RCW to read as follows:

The Puget Sound leadership council created pursuant to chapter . . . , Laws of 2007 (House Bill No. 1374 or Senate Bill No. 5374) shall:

(1) Work with the science panel to identify gaps in scientific research related to restoring Puget Sound, including the aquatic rehabilitation zone one created in RCW 90.88.010;

(2) Develop a competitive process for soliciting research addressing those gaps;

(3) Solicit and strategically prioritize research programs and projects in accordance with recommendations from the science panel;

(4) Select and fund the highest priority research programs and projects; and

(5) Develop and implement an appropriate peer review process to review results from such programs and projects.

NEW SECTION. Sec. 3. A new section is added to chapter 90.71 RCW to read as follows:

The Puget Sound scientific research account is created in the state treasury. All gifts, grants, federal moneys, or appropriations made to the account must be deposited into the account. Moneys in the account may be spent only after appropriation. Expenditures from the account may be used only for research programs and projects selected pursuant to section 2 of this act."

The President declared the question before the Senate to be the adoption of the committee striking amendment by the Committee on Water, Energy & Telecommunications to Second Substitute House Bill No. 1656.

The motion by Senator Rockefeller carried and the committee striking amendment was adopted by voice vote.

MOTION

There being no objection, the following title amendment was adopted:

On page 1, line 2 of the title, after "account;" strike the remainder of the title and insert "adding new sections to chapter 90.71 RCW; and creating a new section."

MOTION

On motion of Senator Rockefeller, the rules were suspended, Second Substitute House Bill No. 1656 as amended by the Senate was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senator Rockefeller spoke in favor of passage of the bill.

The President declared the question before the Senate to be the final passage of Second Substitute House Bill No. 1656. as amended by the Senate

ROLL CALL

The Secretary called the roll on the final passage of Second Substitute House Bill No. 1656 as amended by the Senate and the bill passed the Senate by the following vote: Yeas, 45; Nays, 1; Absent, 0; Excused, 3.

Voting yea: Senators Benton, Berkey, Brandland, Brown, Carrell, Clements, Delvin, Eide, Fairley, Franklin, Fraser, Hargrove, Hatfield, Haugen, Hewitt, Hobbs, Holmquist, Jacobsen, Kastama, Kauffman, Keiser, Kilmer, Kline, Kohl-Welles, Marr, McAuliffe, McCaslin, Morton, Murray, Oemig, Parlette, Prentice, Rasmussen, Regala, Roach, Rockefeller, Schoesler, Sheldon, Shin, Spanel, Stevens, Swecker, Tom, Weinstein and Zarelli - 45

Voting nay: Senator Honeyford - 1

Excused: Senators Pflug, Poulsen and Pridemore - 3

SECOND SUBSTITUTE HOUSE BILL NO. 1656 as amended by the Senate, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

SECOND READING

HOUSE BILL NO. 1813, by Representatives Kelley, Priest, Hunt, Dunshee, Hinkle, Condotta, Fromhold and Linville

Changing the name of the interagency committee for outdoor recreation to the recreation and conservation funding board.

The measure was read the second time.

MOTION

On motion of Senator Jacobsen, the rules were suspended, House Bill No. 1813 was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senators Jacobsen and Morton spoke in favor of passage of the bill.

The President declared the question before the Senate to be the final passage of House Bill No. 1813.

ROLL CALL

The Secretary called the roll on the final passage of House Bill No. 1813 and the bill passed the Senate by the following vote: Yeas, 42; Nays, 4; Absent, 0; Excused, 3.

Voting yea: Senators Benton, Berkey, Brandland, Brown, Carrell, Clements, Delvin, Eide, Fairley, Franklin, Fraser, Hargrove, Hatfield, Haugen, Hewitt, Hobbs, Jacobsen, Kastama, Kauffman, Keiser, Kilmer, Kline, Kohl-Welles, Marr, McAuliffe, McCaslin, Murray, Oemig, Parlette, Prentice, Rasmussen, Regala, Roach, Rockefeller, Sheldon, Shin, Spanel, Stevens, Swecker, Tom, Weinstein and Zarelli - 42

Voting nay: Senators Holmquist, Honeyford, Morton and Schoesler - 4

Excused: Senators Pflug, Poulsen and Pridemore - 3

HOUSE BILL NO. 1813, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

MOTION

At 9:07 p.m., on motion of Senator Eide, the Senate

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 adjourned until 9:00 a.m. Friday, April 13, 2007.

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BRAD OWEN, President of the Senate

THOMAS HOEMANN, Secretary of the Senate

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