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**SIXTY-FIRST LEGISLATURE - REGULAR SESSION**

**FIFTY SEVENTH DAY**

House Chamber, Olympia, Monday, March 9, 2009

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

The Speaker (Representative Moeller presiding) called upon Representative Morris to preside.

The flags were escorted to the rostrum by a Sergeant at Arms Color Guard, Pages Jarrett Doyle and Jordan Frost. The Speaker (Representative Morris presiding) led the Chamber in the Pledge of Allegiance. The prayer was offered by Representative Matt Shea.

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

**MESSAGES FROM THE SENATE**

March 7, 2009

Mr. Speaker:

The Senate has passed:

SENATE BILL NO. 5542,  
 SUBSTITUTE SENATE BILL NO. 5723,  
 SUBSTITUTE SENATE BILL NO. 5760,  
 SUBSTITUTE SENATE BILL NO. 5904,

and the same are herewith transmitted.

Thomas Hoemann, Secretary

March 7, 2009

Mr. Speaker:

The Senate has passed:

SENATE BILL NO. 5120,  
 SENATE BILL NO. 5147,  
 SUBSTITUTE SENATE BILL NO. 5152,  
 SUBSTITUTE SENATE BILL NO. 5271,  
 SENATE BILL NO. 5359,  
 SUBSTITUTE SENATE BILL NO. 5402,  
 SUBSTITUTE SENATE BILL NO. 5440,  
 SENATE BILL NO. 5507,  
 SUBSTITUTE SENATE BILL NO. 5839,  
 SENATE BILL NO. 5940,  
 SENATE BILL NO. 5944,

and the same are herewith transmitted.

Thomas Hoemann, Secretary

March 7, 2009

Mr. Speaker:

The Senate has passed:

SUBSTITUTE SENATE BILL NO. 5295,  
 SUBSTITUTE SENATE BILL NO. 5327,  
 SENATE BILL NO. 5355,  
 SUBSTITUTE SENATE BILL NO. 5434,

SENATE BILL NO. 5482,  
 SUBSTITUTE SENATE BILL NO. 5539,  
 SUBSTITUTE SENATE BILL NO. 5704,  
 SUBSTITUTE SENATE BILL NO. 5727,  
 SUBSTITUTE SENATE BILL NO. 5732,  
 SUBSTITUTE SENATE BILL NO. 5734,  
 SENATE BILL NO. 5751,  
 SUBSTITUTE SENATE BILL NO. 6009,

and the same are herewith transmitted.

Thomas Hoemann, Secretary

**INTRODUCTION AND FIRST READING**

HB 2305 by Representatives Blake, Dunshee and Takko

AN ACT Relating to funding the state wildlife account; amending RCW 67.70.320; reenacting and amending RCW 77.12.170; and adding new sections to chapter 67.70 RCW.

Referred to Committee on Commerce & Labor.

HB 2306 by Representatives Carlyle, Ericks, Dunshee and Pedersen

AN ACT Relating to creating opportunity grant programs at four-year institutions of higher education; amending RCW 28B.15.067 and 28B.15.068; adding a new section to chapter 28B.20 RCW; adding a new section to chapter 28B.30 RCW; adding a new section to chapter 28B.35 RCW; adding a new section to chapter 28B.40 RCW; and creating new sections.

Referred to Committee on Higher Education.

SSB 5030 by Senate Committee on Government Operations & Elections (originally sponsored by Senators Kilmer, Hobbs, Swecker, Shin, Berkey, Eide, Hatfield, McAuliffe and Roach)

AN ACT Relating to militia records, property, command, and administration; and amending RCW 38.12.020.

Referred to Committee on State Government & Tribal Affairs.

SSB 5131 by Senate Committee on Human Services & Corrections (originally sponsored by Senators Delvin, Hargrove, Brandland and Regala)

AN ACT Relating to crisis referral services for criminal justice and correctional personnel; and adding new sections to chapter 43.101 RCW.

Referred to Committee on Public Safety & Emergency Preparedness.

ESSB 5225 by Senate Committee on Judiciary (originally sponsored by Senators Kline and Hargrove)

AN ACT Relating to crimes against property; amending RCW 4.24.230, 9A.48.070, 9A.48.080, 9A.48.090, 9A.56.030, 9A.56.040, 9A.56.050, 9A.56.060, 9A.56.096, 9A.56.150, 9A.56.160, 9A.56.170, and 9A.56.350; adding a new section to chapter 9.94A RCW; adding a new section to chapter 3.50 RCW; adding a new section to chapter 3.66 RCW; adding a new section to chapter 35.20 RCW; creating new sections; and prescribing penalties.

Referred to Committee on Public Safety & Emergency Preparedness.

ESSB 5228 by Senate Committee on Transportation (originally sponsored by Senators Haugen and Morton)

AN ACT Relating to calculating construction projects by county forces; and amending RCW 36.77.065 and 36.77.070.

Referred to Committee on Transportation.

SB 5284 by Senators Keiser, Holmquist, Kohl-Welles, Pridemore, Marr and Kauffman

AN ACT Relating to truth in music advertising; adding a new section to chapter 19.25 RCW; creating a new section; and prescribing penalties.

Referred to Committee on Commerce & Labor.

SSB 5286 by Senate Committee on Human Services & Corrections (originally sponsored by Senators Regala, Hargrove and Kohl-Welles)

AN ACT Relating to exemptions from the WorkFirst program; amending RCW 74.08A.270; and creating a new section.

Referred to Committee on Early Learning & Children's Services.

SB 5322 by Senator Fairley

AN ACT Relating to civil service commissions for sheriffs' offices; and amending RCW 41.14.020 and 41.14.030.

Referred to Committee on Local Government & Housing.

SSB 5326 by Senate Committee on Human Services & Corrections (originally sponsored by Senator Regala)

AN ACT Relating to notice to individuals convicted of a sex offense as a juvenile of their ability to terminate registration requirements; and amending RCW 9A.44.145.

Referred to Committee on Human Services.

SSB 5340 by Senate Committee on Labor, Commerce & Consumer Protection (originally sponsored by Senators Prentice, Regala, Pflug, Shin and Parlette)

AN ACT Relating to internet and mail order sales of certain tobacco products; adding a new chapter to Title 70 RCW; repealing RCW 70.155.105; and prescribing penalties.

Referred to Committee on Health Care & Wellness.

ESSB 5344 by Senate Committee on Environment, Water & Energy (originally sponsored by Senators Ranker, Swecker, Rockefeller, Marr, Hargrove, Pridemore, Fraser, Shin, McDermott and Kilmer)

AN ACT Relating to providing emergency response towing vessels; amending RCW 88.46.068 and 88.46.130; adding new sections to chapter 88.46 RCW; creating new sections; and providing expiration dates.

Referred to Committee on Ecology & Parks.

SSB 5368 by Senate Committee on Ways & Means (originally sponsored by Senators Prentice, Parlette, Fraser, Regala, Shin and Keiser)

AN ACT Relating to making provisions for all counties to value property annually for property tax purposes; amending RCW 84.41.030, 84.41.041, and 82.45.180; adding new sections to chapter 84.41 RCW; and providing expiration dates.

Referred to Committee on Finance.

SSB 5391 by Senate Committee on Health & Long-Term Care (originally sponsored by Senators Kastama, Haugen, Fairley, Roach and Pflug)

AN ACT Relating to regulating body art, body piercing, and tattooing practitioners, shops, and businesses; amending RCW 70.54.340, 5.40.050, and 43.24.150; adding a new chapter to Title 18 RCW; creating a new section; prescribing penalties; and providing an effective date.

Referred to Committee on Health Care & Wellness.

SSB 5401 by Senate Committee on Natural Resources, Ocean & Recreation (originally sponsored by Senators Morton, Jacobsen, Stevens, Ranker, Hatfield, Roach and Kline)

AN ACT Relating to habitat open space; and amending RCW 76.09.040, 84.33.140, 84.34.108, and 76.09.020.

Referred to Committee on Agriculture & Natural Resources.

ESSB 5403 by Senate Committee on Labor, Commerce & Consumer Protection (originally sponsored by Senators Keiser, Hewitt, Honeyford, Franklin and Kohl-Welles)

AN ACT Relating to the contractual relationships between distributors and producers of malt beverages; and amending RCW 19.126.020, 19.126.030, 19.126.040, 19.126.060, and 19.126.080.

Referred to Committee on Commerce & Labor.

SB 5413 by Senators Eide, Kline, Swecker, Roach, Rockefeller, Shin and Marr

AN ACT Relating to assault of a law enforcement officer or other employee of a law enforcement agency; reenacting and amending RCW 9.94A.533; adding a new section to chapter 9.94A RCW; and prescribing penalties.

Referred to Committee on Public Safety & Emergency Preparedness.

SSB 5417 by Senate Committee on Financial Institutions, Housing & Insurance (originally sponsored by Senators Berkey, Franklin, Shin and Roach)

AN ACT Relating to flood insurance coverage; and adding a new section to chapter 48.27 RCW.

Referred to Committee on Financial Institutions & Insurance.

SB 5492 by Senators Marr, Swecker, Kohl-Welles, Benton, Keiser and Franklin

AN ACT Relating to applying RCW 41.56.430 through 41.56.490 to employees working under a site certificate issued under chapter 80.50 RCW; and adding a new section to chapter 41.56 RCW.

Referred to Committee on Commerce & Labor.

SSB 5531 by Senate Committee on Labor, Commerce & Consumer Protection (originally sponsored by Senators Regala, Keiser, Kohl-Welles, Kauffman, Kline, Oemig, Pridemore, Tom and Franklin)

AN ACT Relating to modifying provisions relating to consumer protection act violations; amending RCW 19.86.090 and 19.86.080; and adding a new section to chapter 19.86 RCW.

Referred to Committee on Judiciary.

SB 5540 by Senators Pridemore, Hargrove, Marr, Shin and Haugen

AN ACT Relating to high capacity transportation service; amending RCW 81.104.015, 81.104.150, 81.104.160, 81.104.170, 81.104.180, and 81.104.190; and adding new sections to chapter 81.104 RCW.

Referred to Committee on Transportation.

ESSB 5595 by Senate Committee on Labor, Commerce & Consumer Protection (originally sponsored by Senators Keiser, King, Marr, Honeyford and Kohl-Welles)

AN ACT Relating to the termination, cancellation, or nonrenewal of franchises between new motor vehicle dealers and manufacturers; amending RCW 46.96.080; and declaring an emergency.

Referred to Committee on Commerce & Labor.

SSB 5659 by Senate Committee on Financial Institutions, Housing & Insurance (originally sponsored by Senators Berkey, Benton and Marr)

AN ACT Relating to the consideration of mitigating factors for enforcement actions under the mortgage broker practices act; and adding a new section to chapter 19.146 RCW.

Referred to Committee on Financial Institutions & Insurance.

ESSB 5671 by Senate Committee on Financial Institutions, Housing & Insurance (originally sponsored by Senators Berkey, Franklin, Shin and Haugen)

AN ACT Relating to the suitability of annuities sold in Washington; adding a new section to chapter 48.23 RCW; and creating a new section.

Referred to Committee on Financial Institutions & Insurance.

SSB 5765 by Senate Committee on Agriculture & Rural Economic Development (originally sponsored by Senator Schoesler)

AN ACT Relating to the fruit and vegetable district fund; adding a new section to chapter 15.17 RCW; repealing RCW 15.17.243; and providing an expiration date.

Referred to Committee on Agriculture & Natural Resources.

SSB 5795 by Senate Committee on Transportation (originally sponsored by Senators Kilmer and Franklin)

AN ACT Relating to the Tacoma Narrows toll bridge account; and amending RCW 47.56.165.

Referred to Committee on Transportation.

ESSB 5800 by Senate Committee on Government Operations & Elections (originally sponsored by Senators Fraser, Swecker, Fairley, Murray, Shin and Kline)

AN ACT Relating to shorelines of statewide significance; amending RCW 90.58.030; adding a new section to chapter 35A.63 RCW; creating a new section; and declaring an emergency.

Referred to Committee on Local Government & Housing.

SSB 5834 by Senate Committee on Labor, Commerce & Consumer Protection (originally sponsored by Senators Kohl-Welles and Holmquist)

AN ACT Relating to alcoholic beverage regulation; amending RCW 66.24.450, 66.24.452, 66.24.170, 66.28.010, 66.24.371, 66.28.200, and 15.89.070; reenacting and amending RCW 66.28.040; adding a new section to chapter 66.24 RCW; and adding a new section to chapter 66.28 RCW.

Referred to Committee on Commerce & Labor.

SSB 5893 by Senate Committee on Financial Institutions, Housing & Insurance (originally sponsored by Senators Berkey, Benton, Hobbs, Schoesler and Shin)

AN ACT Relating to actions by insurance companies against violators; and amending RCW 48.135.070.

Referred to Committee on Judiciary.

ESSB 5978 by Senate Committee on Labor, Commerce & Consumer Protection (originally sponsored by Senators Haugen and Kohl-Welles)

AN ACT Relating to consumer rebates; and adding a new chapter to Title 19 RCW.

Referred to Committee on Commerce & Labor.

SSB 6095 by Senate Committee on Transportation (originally sponsored by Senators Haugen and Swecker)

AN ACT Relating to the Puget Sound pilotage district tariff; and amending RCW 88.16.035.

Referred to Committee on Transportation.

There being no objection, the bills listed on the day's introduction sheet under the fourth order of business were referred to the committees so designated.

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

## SECOND READING

The Speaker (Representative Morris presiding) notified the Chamber that House Rule 16 (C) was now in effect limiting a member's debate on a bill to three minutes.

**HOUSE BILL NO. 1395, by Representatives Wallace, Anderson, Hasegawa, Sells, Chase and Kenney**

**Clarifying terms for workforce and economic development.**

The bill was read the second time.

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

Representatives Wallace and Anderson spoke in favor of the passage of the bill.

The Speaker (Representative Morris presiding) stated the question before the House to be the final passage of House Bill No. 1395.

## MOTIONS

On motion of Representative Santos, Representative Upthegrove was excused. On motion of Representative Hinkle, Representative Parker was excused.

## ROLL CALL

The Clerk called the roll on the final passage of House Bill No. 1395 and the bill passed the House by the following vote: Yeas, 95; Nays, 0; Absent, 0; Excused, 2.

Voting yea: Representatives Alexander, Anderson, Angel, Appleton, Armstrong, Bailey, Blake, Campbell, Carlyle, Chandler, Chase, Clibborn, Cody, Condotta, Conway, Cox, Crouse, Dammeier, Darneille, DeBolt, Dickerson, Driscoll, Dunshee, Eddy, Ericks, Ericksen, Finn, Flannigan, Goodman, Grant-Herriot, Green, Haigh, Haler, Hasegawa, Herrera, Hinkle, Hope, Hudgins, Hunt, Hunter, Hurst, Jacks, Johnson, Kagi, Kelley, Kenney, Kessler, Kirby, Klippert, Kretz, Kristiansen, Liias, Linville, Maxwell, McCoy, McCune, Miloschia, Moeller, Morrell, Morris, Nelson, O'Brien, Orcutt, Ormsby, Orwall, Pearson, Pedersen, Pettigrew, Priest, Probst, Quall, Roach, Roberts, Rodne, Rolfes, Ross, Santos, Schmick, Seaquist, Sells, Shea, Short, Simpson, Smith, Springer, Sullivan, Takko, Van De Wege, Wallace, Walsh, Warnick, White, Williams, Wood and Mr. Speaker.

Excused: Representatives Parker and Upthegrove.

HOUSE BILL NO. 1395, received the necessary constitutional majority, was declared passed.

**HOUSE BILL NO. 1078, by Representatives Kelley, Roach, Kirby, Warnick, Bailey and Sells**

**Concerning exchange facilitators.**

The bill was read the second time.

There being no objection, Second Substitute House Bill No. 1078 was substituted for House Bill No. 1078 and the second substitute bill was placed on the second reading calendar.

SECOND SUBSTITUTE HOUSE BILL NO. 1078 was read the second time.

Representative Kelley moved the adoption of amendment (219):

Strike everything after the enacting clause and insert the following:

**"NEW SECTION. Sec. 1.** The legislature finds that there are no statutory requirements pertaining to persons who facilitate like-kind exchanges pursuant to section 1031 of the internal revenue code and associated treasury regulations. The purpose of this chapter is to create a statutory framework that provides some consumer protections to those who entrust money or property to persons acting as exchange facilitators.

**NEW SECTION. Sec. 2.** The definitions in this section apply throughout this chapter unless the context clearly requires otherwise.

(1) A person or entity "affiliated" with a specific person or entity, means a person or entity who directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the person or entity specified.

(2) "Client" means the taxpayer with whom the exchange facilitator enters into an agreement as described in subsection (3)(a)(i) of this section.

(3)(a) "Exchange facilitator" means a person who:

(i)(A) Facilitates, for a fee, an exchange of like-kind property by entering into an agreement with a taxpayer by which the exchange

facilitator acquires from the taxpayer the contractual rights to sell the taxpayer's relinquished property located in this state and transfer a replacement property to the taxpayer as a qualified intermediary, as defined under treasury regulation section 1.1031(k)-1(g)(4); (B) enters into an agreement with a taxpayer to take title to a property in this state as an exchange accommodation titleholder, as defined in internal revenue service revenue procedure 2000-37; or (C) enters into an agreement with a taxpayer to act as a qualified trustee or qualified escrow holder, as both terms are defined under treasury regulation section 1.1031(k)-1(g)(3); or

(ii) Maintains an office in this state for the purpose of soliciting business as an exchange facilitator.

(b) "Exchange facilitator" does not include:

(i) A taxpayer or a disqualified person, as defined under treasury regulation section 1.1031(k)-1(k), seeking to qualify for the nonrecognition provisions of section 1031 of the internal revenue code of 1986, as amended;

(ii) A financial institution that is (A) acting as a depository for exchange funds and is not facilitating an exchange or (B) acting solely as a qualified escrow holder or qualified trustee, as both terms are defined under treasury regulation section 1.1031(k)-1(g)(3), and is not facilitating an exchange;

(iii) A title insurance company, underwritten title company, or escrow company that is acting solely as a qualified escrow holder or qualified trustee, as both terms are defined under treasury regulation section 1.1031(k)-1(g)(3), and is not facilitating an exchange;

(iv) A person that advertises for and teaches seminars or classes, or otherwise makes a presentation, to attorneys, accountants, real estate professionals, tax professionals, or other professionals, when the primary purpose is to teach the professionals about tax-deferred exchanges or to train them to act as exchange facilitators;

(v) A qualified intermediary, as defined under treasury regulation section 1.1031(k)-1(g)(4), who holds exchange funds from the disposition of relinquished property located outside of this state; or

(vi) An affiliated entity that is used by the exchange facilitator to facilitate exchanges or to take title to property in this state as an exchange accommodation titleholder.

(c) For the purposes of this subsection, "fee" means compensation of any nature, direct or indirect, monetary or in kind, that is received by a person or related person, as defined in section 267(b) or 707(b) of the internal revenue code, for any services relating to or incidental to the exchange of like-kind property.

(4) "Financial institution" means a bank, credit union, savings and loan association, savings bank, or trust company chartered under the laws of this state or the United States whose accounts are insured by the full faith and credit of the United States, the federal deposit insurance corporation, the national credit union share insurance fund, or other similar or successor programs.

(5) "Person" means an individual, corporation, partnership, limited liability company, joint venture, association, joint stock company, trust, or any other form of a legal entity, and includes the agents and employees of that person.

(6) "Prudent investor standard" means the standard for investment as described under RCW 11.100.020.

**NEW SECTION. Sec. 3.** An exchange facilitator may not bring a suit or action for the collection of compensation in connection with duties performed as an exchange facilitator unless the exchange facilitator alleges and proves that he or she was fully in compliance with this chapter at the time of the offering to perform or performing an act or service regulated under this chapter.

**NEW SECTION. Sec. 4.** (1) Except as provided under subsection (2) of this section, a person who engages in business as an exchange facilitator shall notify all existing exchange clients whose relinquished property is located in this state, or whose replacement property held under a qualified exchange accommodation agreement is located in this state, of any change in control of the exchange facilitator. Notification must be provided within ten business days of the effective date of the change in control by hand delivery, facsimile, electronic mail, overnight mail, or first-class mail, and must be posted on the exchange facilitator's internet web site for at least ninety days following the change in control. The notification must set forth the name, address, and other contact information of the transferees.

(2) If an exchange facilitator is a publicly traded company or wholly owned subsidiary of the publicly traded company and remains a publicly traded company or wholly owned subsidiary of the publicly traded company after a change in control, the publicly traded company or wholly owned subsidiary of the publicly traded company is not required to notify its existing clients of the change in control.

(3) For purposes of this section, "change in control" means any transfer of more than fifty percent of the assets or ownership interests, directly or indirectly, of the exchange facilitator.

**NEW SECTION. Sec. 5.** (1) A person who engages in business as an exchange facilitator shall:

(a) Maintain a fidelity bond or bonds in an amount of not less than one million dollars executed by an insurer authorized to do business in this state; or

(b) Deposit an amount of cash or securities or irrevocable letters of credit in an amount of not less than one million dollars into an interest-bearing deposit account or a money market account with the financial institution of the exchange facilitator's choice. Interest on that amount accrues to the exchange facilitator; or

(c) Deposit all exchange funds in a qualified escrow account or qualified trust, as both terms are defined under treasury regulation section 1.1031(k)-1(g)(3), with a financial institution and provide that a withdrawal from that escrow account or trust requires the exchange facilitator's and the client's written authorization.

(2) A person who engages in business as an exchange facilitator may maintain a bond or bonds or deposit an amount of cash or securities or irrevocable letters of credit in excess of the minimum required amounts under this section.

(3) The requirements under subsection (1)(a) of this section are satisfied if the person engaging in business as an exchange facilitator is listed as a named insured on one or more fidelity bonds that have an aggregate total of at least one million dollars.

(4) An exchange facilitator must provide evidence to each client that the requirements of this section are satisfied before entering into an exchange agreement.

(5) Upon request of a current or prospective client, or the attorney general under chapter 19.86 RCW, the exchange facilitator must offer evidence proving that the requirements of this section are satisfied at the time of the request.

**NEW SECTION. Sec. 6.** (1) A person who claims to have sustained damages by reason of the fraudulent or dishonest acts of an exchange facilitator or an exchange facilitator's employee may file a claim on the fidelity bond or approved alternative described in section 5 of this act to recover the damages.

(2) The remedies provided under this section are cumulative and nonexclusive and do not affect any other remedy available at law.

**NEW SECTION. Sec. 7.** (1) A person who engages in business as an exchange facilitator shall:

(a) Maintain a policy of errors and omissions insurance in an amount of not less than two hundred fifty thousand dollars executed by an insurer authorized to do business in this state; or

(b) Deposit an amount of cash or securities or irrevocable letters of credit in an amount of not less than two hundred fifty thousand dollars into an interest-bearing deposit account or a money market account with the financial institution of the exchange facilitator's choice. Interest on that amount accrues to the exchange facilitator.

(2) A person who engages in business as an exchange facilitator may maintain insurance or deposit an amount of cash or securities or irrevocable letters of credit in excess of the minimum required amounts under this section.

(3) The requirements under subsection (1)(a) of this section are satisfied if the person engaging in business as an exchange facilitator is listed as a named insured on one or more errors and omissions policies that have an aggregate total of at least two hundred fifty thousand dollars.

(4) An exchange facilitator must provide evidence to each client that the requirements of this section are satisfied before entering into an exchange agreement.

(5) Upon request of a current or prospective client, or the attorney general under chapter 19.86 RCW, the exchange facilitator must offer evidence proving that the requirements of this section are satisfied at the time of the request.

**NEW SECTION. Sec. 8.** (1) A person who claims to have sustained damages by reason of an unintentional error or omission of an exchange facilitator or an exchange facilitator's employee may file a claim on the errors and omissions insurance policy or approved alternative described in section 7 of this act to recover the damages.

(2) The remedies provided under this section are cumulative and nonexclusive and do not affect any other remedy available at law.

**NEW SECTION. Sec. 9.** (1) A person who engages in business as an exchange facilitator shall act as a custodian for all exchange funds, including money, property, other consideration, or instruments received by the exchange facilitator from, or on behalf of, the client, except funds received as the exchange facilitator's compensation. The exchange facilitator shall hold the exchange funds in a manner that provides liquidity and preserves principal, and if invested, shall invest those exchange funds in investments that meet a prudent investor standard and satisfy investment goals of liquidity and preservation of principal. For purposes of this section, a violation of the prudent investor standard includes, but is not limited to, a transaction in which:

(a) Exchange funds are knowingly commingled by the exchange facilitator with the operating accounts of the exchange facilitator, except that the exchange facilitator's fee may be deposited as part of the exchange transaction into the same account as that containing exchange funds, in which event the exchange facilitator must promptly withdraw the fee;

(b) Exchange funds are loaned or otherwise transferred to any person or entity, other than a financial institution, that is affiliated with or related to the exchange facilitator, except that this subsection (1)(b) does not apply to the transfer of funds from an exchange facilitator to an exchange accommodation titleholder in accordance with an exchange contract;

(c) Exchange funds are invested in a manner that does not provide sufficient liquidity to meet the exchange facilitator's contractual obligations to its clients, unless insufficient liquidity occurs as the result of: (i) Events beyond the prediction or control of the exchange facilitator including, but not limited to, failure of a financial institution; or (ii) an investment specifically requested by the client; or

(d) Exchange funds are invested in a manner that does not preserve the principal of the exchange funds, unless loss of principal occurs as the result of: (i) Events beyond the prediction or control of the exchange facilitator; or (ii) an investment specifically requested by the client.

(2) Exchange funds are not subject to execution or attachment on any claim against the exchange facilitator.

**NEW SECTION. Sec. 10.** A person who engages in business as an exchange facilitator must administer each of his, her, or its places of business under the direct management of an officer or an employee who is either:

(1) An attorney or certified public accountant admitted to practice in any state or territory of the United States; or

(2) A person who has passed a test specific to the subject matter of exchange facilitation.

**NEW SECTION. Sec. 11.** A person who engages in business as an exchange facilitator shall not, with respect to a like-kind exchange transaction, knowingly or with criminal negligence:

(1) Make a false, deceptive, or misleading material representation, directly or indirectly, concerning a like-kind transaction;

(2) Make a false, deceptive, or misleading material representation, directly or indirectly, in advertising or by any other means, concerning a like-kind transaction;

(3) Engage in any unfair or deceptive practice toward any person;

(4) Obtain property by fraud or misrepresentation;

(5) Fail to account for any moneys or property belonging to others that may be in the possession or under the control of the exchange facilitator;

(6) Comingle funds held for a client in any account that holds the exchange facilitator's own funds, except as provided in section 9(1)(a) of this act;

(7) Loan or otherwise transfer exchange funds to any person or entity, other than a financial institution, that is affiliated with or related to the exchange facilitator, except for the transfer of funds from an exchange facilitator to an exchange accommodation title holder in accordance with an exchange contract;

(8) Keep, or cause to be kept, any money in any bank, credit union, or other financial institution under a name designating the money as belonging to the client of any exchange facilitator, unless that money belongs to that client and was entrusted to the exchange facilitator by that client;

(9) Fail to fulfill its contractual duties to the client to deliver property or funds to the taxpayer in a material way unless such a failure is due to circumstances beyond the control of the exchange facilitator;

(10) Commit, including commission by its owners, officers, directors, employees, agents, or independent contractors, any crime involving fraud, misrepresentation, deceit, embezzlement, misappropriation of funds, robbery, or other theft of property;

(11) Fail to make disclosures required by any applicable state law; or

(12) Make any false statement or omission of material fact in connection with any reports filed by an exchange facilitator or in connection with any investigation conducted by the department of financial institutions.

**NEW SECTION. Sec. 12.** (1) An exchange facilitator must deposit all client funds in:

(a) For accounts with a value of five hundred thousand dollars or more, a separately identified account, as defined in treasury regulation section 1.468B-6(c)(ii), for the particular client or client's

matter, and the client must receive all the earnings credited to the separately identified account; or

(b) For accounts with a value less than five hundred thousand dollars, (i) a pooled interest-bearing trust account if the client agrees to pooling in writing; or (ii) if the client does not agree to pooling, in a separately identified account, as defined in treasury regulation section 1.468B-6(c)(ii).

(2) An exchange facilitator must provide the client with written notification of how the exchange proceeds have been invested or deposited.

**NEW SECTION. Sec. 13.** A person who engages in business as an exchange facilitator and who violates section 11 (1) through (8) of this act is guilty of a class B felony under chapter 9A.20 RCW.

**NEW SECTION. Sec. 14.** A person who engages in business as an exchange facilitator and who violates section 11 (11) or (12) of this act is guilty of a misdemeanor under chapter 9A.20 RCW.

**NEW SECTION. Sec. 15.** (1) Exchange facilitators must provide the director of financial institutions with a report of exchange facilitator activity by December 31, 2009. The director may by rule create a format for the report, which must cover the period of January 1, 2009, through December 31, 2009. The report may only include the following information for exchange facilitation activity in Washington state:

(a) The total number of property exchanges facilitated by the exchange facilitator;

(b) The total dollar volume of property exchanges facilitated by the exchange facilitator;

(c) The primary type of business the exchange facilitator engages in if the primary type of business is not exchange facilitation, including a description of any required licenses; and

(d) The percentage of the exchange facilitator's business that is exchange facilitation, both by client and by gross income.

Any information provided by an exchange facilitator in this report that constitutes a trade secret as defined in RCW 19.108.010 is exempt from the disclosure requirements in chapters 42.17 and 42.56 RCW, unless aggregated with information supplied by other exchange facilitators in such a manner that the individual information of an exchange facilitator is not identifiable.

(2) Any information produced or obtained in examining an exchange facilitator under this section is exempt from disclosure as provided in RCW 42.56.270.

(3) The director must compile the reports from exchange facilitators and report to the financial institutions and insurance committee of the house of representatives and the financial institutions, housing and insurance committee of the senate by January 15, 2010.

(4) This section expires June 1, 2010.

**NEW SECTION. Sec. 16.** A person who violates this chapter is subject to civil suit in a court of competent jurisdiction.

**NEW SECTION. Sec. 17.** The legislature finds that the practices covered by this chapter are matters vitally affecting the public interest for the purpose of applying the consumer protection act, chapter 19.86 RCW. A violation of this chapter is not reasonable in relation to the development and preservation of business and is an unfair or deceptive act in trade or commerce and an unfair method of competition for purposes of applying the consumer protection act, chapter 19.86 RCW.

**NEW SECTION. Sec. 18.** This chapter does not affect the application of chapter 21.20 RCW.

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

Correct the title.

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

Amendment (219) was adopted. The bill was ordered engrossed.

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

Representatives kelley and Roach spoke in favor of the passage of the bill.

The Speaker (Representative Morris presiding) stated the question before the House to be the final passage of Engrossed Second Substitute House Bill No. 1078.

### ROLL CALL

The Clerk called the roll on the final passage of Engrossed Second Substitute House Bill No. 1078 and the bill passed the House by the following vote: Yeas, 96; Nays, 0; Absent, 0; Excused, 1.

Voting yea: Representatives Alexander, Anderson, Angel, Appleton, Armstrong, Bailey, Blake, Campbell, Carlyle, Chandler, Chase, Clibborn, Cody, Condotta, Conway, Cox, Crouse, Dammeier, Darneille, DeBolt, Dickerson, Driscoll, Dunshee, Eddy, Ericks, Ericksen, Finn, Flannigan, Goodman, Grant-Herriot, Green, Haigh, Haler, Hasegawa, Herrera, Hinkle, Hope, Hudgins, Hunt, Hunter, Hurst, Jacks, Johnson, Kagi, Kelley, Kenney, Kessler, Kirby, Klippert, Kretz, Kristiansen, Liias, Linville, Maxwell, McCoy, McCune, Miloscia, Moeller, Morrell, Morris, Nelson, O'Brien, Orcutt, Ormsby, Orwall, Pearson, Pedersen, Pettigrew, Priest, Probst, Quall, Roach, Roberts, Rodne, Rolfes, Ross, Santos, Schmick, Seaquist, Sells, Shea, Short, Simpson, Smith, Springer, Sullivan, Takko, Upthegrove, Van De Wege, Wallace, Walsh, Warnick, White, Williams, Wood and Mr. Speaker.

Excused: Representative Parker.

ENGROSSED SECOND SUBSTITUTE HOUSE BILL NO. 1078, having received the necessary constitutional majority, was declared passed.

**HOUSE BILL NO. 1131, by Representatives Kenney, Pettigrew, Haler, Ericks, Bailey, Liias, Hasegawa, Hudgins, Darneille, Chase, Dunshee, Kelley, Sullivan and Nelson**

**Concerning the Washington state economic development commission.**

The bill was read the second time.

There being no objection, Substitute House Bill No. 1131 was substituted for House Bill No. 1131 and the substitute bill was placed on the second reading calendar.

SUBSTITUTE HOUSE BILL NO. 1131 was read the second time.

Representative Bailey moved the adoption of amendment (192):

On page 1, line 15, after "consist of" strike "eleven" and insert "~~(eleven)~~ thirteen"

On page 1, line 16, beginning with "Six" strike all material through "sector" and insert "~~(Six)~~ Eight representatives of the private sector, all of whom must have experience as an employer in this state"

Representatives Bailey and Kenney spoke in favor of the adoption of the amendment.

Amendment (192) was adopted.

Representative Chandler moved the adoption of amendment (180):

On page 5, line 9, after "money." insert: "However, when the source of those moneys is a private organization with a policy or financial interest related to the mission and activities of the commission, the commission may not use the unanticipated receipts process provided in RCW 43.79.270 but instead must seek an appropriation from the legislature."

Representatives Chandler and Anderson spoke in favor of the adoption of the amendment.

Representative Liias spoke against the adoption of the amendment.

Amendment (180) was not adopted.

The bill was ordered engrossed.

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

Representatives Kenney and Liias spoke in favor of the passage of the bill.

Representatives Bailey, Anderson and Smith spoke against the passage of the bill.

The Speaker (Representative Morris presiding) stated the question before the House to be the final passage of Engrossed Substitute House Bill No. 1131.

#### ROLL CALL

The Clerk called the roll on the final passage of Engrossed Substitute House Bill No. 1131 and the bill passed the House by the following vote: Yeas, 56; Nays, 40; Absent, 0; Excused, 1.

Voting yea: Representatives Appleton, Blake, Carlyle, Chase, Clibborn, Cody, Conway, Darneille, Dickerson, Driscoll, Dunshee, Eddy, Ericks, Finn, Flannigan, Goodman, Green, Haigh, Hasegawa, Hudgins, Hunt, Jacks, Kagi, Kelley, Kenney, Kessler, Kirby, Liias, Linville, Maxwell, McCoy, Miloscia, Moeller, Morrell, Morris, Nelson, O'Brien, Ormsby, Orwall, Pedersen, Pettigrew, Probst, Quall, Rolfes, Santos, Seaquist, Sells, Sullivan, Takko, Upthegrove, Van De Wege, Wallace, White, Williams, Wood and Mr. Speaker.

Voting nay: Representatives Alexander, Anderson, Angel, Armstrong, Bailey, Campbell, Chandler, Condotta, Cox, Crouse, Dammeier, DeBolt, Ericksen, Grant-Herriot, Haler, Herrera, Hinkle, Hope, Hunter, Hurst, Johnson, Klippert, Kretz, Kristiansen, McCune, Orcutt, Pearson, Priest, Roach, Roberts, Rodne, Ross, Schmick, Shea, Short, Simpson, Smith, Springer, Walsh and Warnick.

Excused: Representative Parker.

ENGROSSED SUBSTITUTE HOUSE BILL NO. 1131, having received the necessary constitutional majority, was declared passed.

**HOUSE BILL NO. 1530, by Representatives Kirby and Bailey**

**Creating the guaranteed asset protection waiver model act.**

The bill was read the second time.

Representative Kirby moved the adoption of amendment (190):

Strike everything after the enacting clause and insert the following:

**"NEW SECTION. Sec. 1.** (1) The purpose of this chapter is to provide a framework within which guaranteed asset protection waivers are defined and may be offered within this state.

(2) This chapter does not apply to:

(a) An insurance policy offered by an insurer under this title; or  
(b) A federally regulated financial institution operating under 12 C.F.R. Part 37 of the office of the comptroller of the currency regulations or credit unions operating under 12 C.F.R. 721.3(g) of the national credit union administration regulations, or state regulated banks, credit unions, and financial institutions operating pursuant to chapter 63.14 RCW. However, an exempt federal or state chartered bank, credit union, or financial institution may elect to offer a guaranteed asset protection waiver that complies with sections 1, 2, and 4 through 7 of this act.

(3) Guaranteed asset protection waivers are governed under this chapter and are exempt from all other provisions of this title, except RCW 48.02.060 and 48.02.080, chapter 48.04 RCW, and as provided in this chapter.

**"NEW SECTION. Sec. 2.** The definitions in this section apply throughout this chapter unless the context clearly requires otherwise.

(1) "Administrator" means a person, other than an insurer or creditor that performs administrative or operational functions pursuant to guaranteed asset protection waiver programs.

(2) "Borrower" means a debtor, retail buyer, or lessee, under a finance agreement, or a person who receives a loan or enters into a retail installment contract to purchase or lease a motor vehicle or vessel under chapter 63.14 RCW.

(3) "Creditor" means:

(a) The lender in a loan or credit transaction;  
(b) The lessor in a lease transaction;  
(c) Any retail seller of motor vehicles that provides credit to retail buyers of motor vehicles provided the seller complies with this chapter;  
(d) The seller in commercial retail installment transactions; or  
(e) The assignees of any creditor under this subsection to whom the credit obligation is payable.

(4) "Finance agreement" means a loan, lease, or retail installment sales contract for the purchase or lease of a motor vehicle.

(5) "Free look period" means the period of time from the effective date of the waiver until the date the borrower may cancel the waiver without penalty, fees, or costs to the borrower. This period of time must not be shorter than thirty days.

(6) "Guaranteed asset protection waiver" or "waiver" means a contractual agreement wherein a creditor agrees for a separate charge to cancel or waive all or part of amounts due that creditor on a borrower's finance agreement with that creditor in the event of a total

physical damage loss or unrecovered theft of the motor vehicle, which agreement must be part of, or a separate addendum to, the finance agreement.

(7) "Insurer" means an insurance company licensed, registered, or otherwise authorized to do business under the insurance laws of this state.

(8) "Motor vehicle" means self-propelled or towed vehicles designed for personal or commercial use, including but not limited to automobiles, trucks, motorcycles, recreational vehicles, all-terrain vehicles, snowmobiles, campers, boats, personal watercraft, and motorcycle, boat, camper, and personal watercraft trailers.

(9) "Motor vehicle dealer" has the same meaning as "vehicle dealer" in RCW 46.70.011.

(10) "Person" includes an individual, company, association, organization, partnership, business trust, corporation, and every form of legal entity.

(11) "Retail buyer" means a person who buys or agrees to buy a motor vehicle or obtain motor vehicle services or agrees to have motor vehicle services rendered or furnished from a retail seller.

(12) "Retail seller" means a person engaged in the business of selling motor vehicles or motor vehicle services to retail buyers.

(13) "Unregistered marketers" means persons who offer for sale and sell guaranteed asset protection waivers who are not registered under this chapter and who are not otherwise exempt under this chapter.

**NEW SECTION. Sec. 3.** (1) This chapter applies only to guaranteed asset protection waivers for financing of motor vehicles as defined in this chapter. Any person or entity must register with the commissioner before marketing, offering for sale or selling a guaranteed asset protection waiver, and before acting as an obligor for a guaranteed asset protection waiver, in this state. However, a retail seller of motor vehicles that assigns more than eighty-five percent of guaranteed asset protection waiver agreements within thirty days of such agreements' effective date, or an insurer authorized to transact such insurance business in this state, are not required to register pursuant to this section. Failure of any retail seller of motor vehicles to assign one hundred percent of guaranteed asset protection waiver agreements within forty-five days of such agreements' effective date will result in that retail seller being required to comply with the registration requirements of this chapter.

(2) No person may market, offer for sale, or sell a guaranteed asset protection waiver, or act as an obligor on a guaranteed asset protection waiver in this state without a registration as provided in this chapter, except as set forth in subsection (1) of this section.

(3) The application for registration must include the following:

(a) The applicant's name, address, and telephone number;

(b) The identities of the applicant's executive officers or other officers directly responsible for the waiver business;

(c) An application fee of two hundred fifty dollars, which shall be deposited into the guaranteed asset protection waiver account;

(d) A copy filed by the applicant with the commissioner of the waivers the applicant intends to offer in this state;

(e) A list of all unregistered marketers of guaranteed asset protection waivers on which the applicant will be the obligor;

(f) Such additional information as the commissioner may reasonably require.

(4) Once registered, the applicant shall keep the information required for registration current by reporting changes within thirty days after the end of the month in which the change occurs.

**NEW SECTION. Sec. 4.** (1) Waivers may be offered, sold, or provided to borrowers in this state in compliance with this chapter.

(2) Waivers may, at the option of the creditor, be sold for a single payment or may be offered with a monthly or periodic payment option.

(3) Notwithstanding any other provision of law, any cost to the borrower for a guaranteed asset protection waiver entered into in compliance with the truth in lending act (15 U.S.C. Sec. 1601 et seq.) and its implementing regulations, as amended, must be separately stated and is not to be considered a finance charge or interest.

(4) Nothing in this chapter prohibits a person who is registered, or is otherwise exempt from registration or exempt from this chapter, from insuring its waiver obligation through the purchase of a contractual liability policy or other insurance policy issued by an insurer authorized to transact such insurance in this state.

(5) The waiver remains a part of the finance agreement upon the assignment, sale, or transfer of the finance agreement by the creditor.

(6) Neither the extension of credit, the term of credit, nor the term of the related motor vehicle sale or lease may be conditioned upon the purchase of a waiver.

(7) Any creditor that offers a waiver must report the sale of, and forward funds received on, all waivers to the designated party, if any, as prescribed in any applicable administrative services agreement, contractual liability policy, other insurance policy, or other specified program documents.

(8) Funds received or held by a creditor or administrator and belonging to an insurer, creditor, or administrator, under the terms of a written agreement, must be held by that creditor or administrator in a fiduciary capacity.

(9) If the guaranteed asset protection waiver is assigned, the name and address of the assignee must be mailed to the borrower within thirty days of the assignment. If at any time the name and address provided to the borrower by the initial creditor are no longer the valid point of contact to apply for waiver benefits, written notice will be mailed to the borrower within thirty days of the change stating the new name and address of the person or entity the borrower should contact to apply for waiver benefits. No waiver may be assigned to an entity that is not registered pursuant to this chapter, unless such entity is exempt from registration or unless the commissioner specifically authorizes such assignment.

(10) No person shall knowingly make, publish, or disseminate any false, deceptive, or misleading representation or advertising in the conduct of, or relative to, waiver business. Nor shall any person make, issue, or circulate, or cause to be made, issued, or circulated any misrepresentation of the terms or benefits of any waiver.

(11) A person or entity engaged in the guaranteed asset protection waiver business in this state may not refuse to sell or issue any guaranteed asset protection waiver because of the sex, marital status, or sexual orientation as defined in RCW 49.60.040, or the presence of any sensory, mental, or physical disability of the borrower or prospective borrower. The type of benefits, or any term, rate, condition, or type of coverage may not be restricted, modified, excluded, increased, or reduced on the basis of the presence of any sensory, mental, or physical disability of the borrower or prospective borrower.

**NEW SECTION. Sec. 5.** (1) Contractual liability or other insurance policies insuring waivers must state the obligation of the insurer to reimburse or pay to the creditor any sums the creditor is legally obligated to waive under the waivers issued by the creditor and purchased or held by the borrower. Contractual liability insurance or other insurance policies insuring waivers must not be purchased by the creditor as part of, or a rider to, vendor single-interest or collateral protection coverages as defined in RCW 48.22.110(4).

(2) Coverage under a contractual liability or other insurance policy insuring a waiver must also cover any subsequent assignee upon the assignment, sale, or transfer of the finance agreement.

(3) Coverage under a contractual liability or other insurance policy insuring a waiver must remain in effect unless canceled or terminated in compliance with applicable insurance laws of this state.

(4) The cancellation or termination of a contractual liability or other insurance policy must not reduce the insurer's responsibility for waivers issued by the creditor prior to the date of cancellation or termination and for which a premium has been received by the insurer.

**NEW SECTION. Sec. 6.** Guaranteed asset protection waivers must disclose, as applicable, in writing and in clear, understandable language that is easy to read, the following:

(1) The name and address of the initial creditor and the borrower at the time of sale, and the identity of any administrator if different from the creditor;

(2) The purchase price and the terms of the waiver, including without limitation, the requirements for protection, conditions, or exclusions associated with the waiver;

(3) That the borrower may cancel the waiver within a free look period as specified in the waiver, and will be entitled to a full refund of the purchase price, so long as no benefits have been provided; or in the event benefits have been provided, the borrower may receive a full or partial refund pursuant to the terms of the waiver;

(4) The procedure the borrower must follow, if any, to obtain waiver benefits under the terms and conditions of the waiver, including a telephone number and address where the borrower may apply for waiver benefits;

(5) Whether or not the waiver is cancellable after the free look period and the conditions under which it may be canceled or terminated including the procedures for requesting any refund due;

(6) That in order to receive any refund due in the event of a borrower's cancellation of the waiver agreement or early termination of the finance agreement after the free look period of the waiver, the borrower, in accordance with terms of the waiver, must provide a written request to cancel to the creditor, administrator, or such other party, within ninety days of the occurrence of the event terminating the finance agreement;

(7) The methodology for calculating any refund of the unearned purchase price of the waiver due, in the event of cancellation of the waiver or early termination of the finance agreement;

(8) That any refund of the purchase price for a waiver that was included in the financing of the motor vehicle or vessel may be applied by the creditor as a reduction of the overall amount owed under the finance agreement, rather than applying the refund strictly to the purchase price of the waiver. This disclosure must be conspicuously presented prior to the purchase of the waiver;

(9) That neither the extension of credit, the terms of the credit, nor the terms of the related motor vehicle sale or lease, may be conditioned upon the purchase of the waiver;

(10) That the guaranteed asset protection waiver is not credit insurance, nor does it eliminate the borrower's obligation to insure the motor vehicle as provided by laws of this state. Purchasing a guaranteed asset protection waiver does not eliminate the borrower's rights and obligations under the vendor single-interest and collateral protection coverage laws of this state.

**NEW SECTION. Sec. 7.** (1) Guaranteed asset protection waiver agreements may be cancellable or noncancellable after the free look period. Waivers must provide that if a borrower cancels a waiver within the free look period, the borrower will be entitled to a full refund of the purchase price, so long as no benefits have been

provided; or in the event benefits have been provided, the borrower may receive a full or partial refund pursuant to the terms of the waiver.

(2) In the event of a borrower's cancellation of the waiver or early termination of the finance agreement, after the agreement has been in effect beyond the free look period, the borrower may be entitled to a refund of any unearned portion of the purchase price of the waiver unless the waiver provides otherwise. In order to receive a refund, the borrower, in accordance with any applicable terms of the waiver, must provide a written request to the creditor, administrator, or other party, within ninety days of the event terminating the finance agreement.

(3) If the cancellation of a waiver occurs as a result of a default under the finance agreement or the repossession of the motor vehicle associated with the finance agreement, any refund due may be paid directly to the creditor or administrator and applied as set forth in subsection (4) of this section.

(4) Any cancellation refund under this section may be applied by the creditor as a reduction of the overall amount owed under the finance agreement, if the cost of the guaranteed asset protection waiver was included in the financing of the motor vehicle or vessel.

(5) Disclosure of how the refund may be applied by the creditor or administrator must be made in accordance with the provisions of section 6(8) of this act.

**NEW SECTION. Sec. 8.** (1) The commissioner may, subject to chapter 48.04 RCW, take action that is necessary or appropriate to enforce this chapter and to protect guaranteed asset protection waiver holders in this state, which includes:

(a) Suspending, revoking, or refusing to issue the registration of a person or entity if the registrant fails to comply with any provision of this chapter or fails to comply with any proper order or rule of the commissioner; and

(b) After hearing or with the consent of the registrant, and in addition to or in lieu of the suspension, revocation, or refusal to issue any registration, imposing a penalty of not more than two thousand dollars for each violation of this chapter.

(2) The commissioner may adopt rules to implement this chapter.

**NEW SECTION. Sec. 9.** (1) Any person who markets, offers for sale or sells a guaranteed asset protection waiver, or acts as an obligor for a guaranteed asset protection waiver without a registration, unless otherwise exempt from registration or exempt from this chapter, is acting in violation of this section and is subject to the provisions of section 8 of this act. In addition, any person who knowingly violates this section is guilty of a class B felony punishable under chapter 9A.20 RCW.

(2) Any criminal penalty imposed under this section is in addition to, and not in lieu of, any other civil or administrative penalty or sanction otherwise authorized under state law.

(3) If the commissioner has cause to believe that any person has violated this section, the commissioner may assess a civil penalty of not more than twenty-five thousand dollars for each violation, after providing notice and an opportunity for a hearing in accordance with chapter 48.04 RCW. Upon failure to pay this civil penalty when due, the attorney general may bring a civil action on behalf of the commissioner to recover the unpaid penalty.

(4) A person or entity that should have been registered at the time of the sale of a waiver who was not so registered pursuant to this chapter is personally liable for performance of the waiver. Any waiver sold by a person or entity that should have been registered at the time of the sale is voidable, except at the instance of the person or entity who sold the waiver.

**NEW SECTION. Sec. 10.** The guaranteed asset protection waiver account is created in the custody of the state treasurer. The fees and fines collected under this chapter must be deposited into the account. Expenditures from the account may be used to implement, administer, and enforce this chapter. Only the commissioner or the commissioner'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. 11.** RCW 63.14.010 and 2003 c 368 s 2 are each amended to read as follows:

In this chapter, unless the context otherwise requires:

(1) "Goods" means all chattels personal when purchased primarily for personal, family, or household use and not for commercial or business use, but not including money or, except as provided in the next sentence, things in action. The term includes but is not limited to merchandise certificates or coupons, issued by a retail seller, to be used in their face amount in lieu of cash in exchange for goods or services sold by such a seller and goods which, at the time of sale or subsequently, are to be so affixed to real property as to become a part thereof, whether or not severable therefrom;

(2) "Lender credit card" means a card or device under a lender credit card agreement pursuant to which the issuer gives to a cardholder residing in this state the privilege of obtaining credit from the issuer or other persons in purchasing or leasing property or services, obtaining loans, or otherwise, and the issuer of which is not: (a) Principally engaged in the business of selling goods; or (b) a financial institution;

(3) "Lender credit card agreement" means an agreement entered into or performed in this state prescribing the terms of retail installment transactions pursuant to which the issuer may, with the buyer's consent, purchase or acquire one or more retail sellers' indebtedness of the buyer under a sales slip or memorandum evidencing the purchase, lease, loan, or otherwise to be paid in accordance with the agreement. The issuer of a lender credit card agreement shall not be principally engaged in the business of selling goods or be a financial institution;

(4) "Financial institution" means any bank or trust company, mutual savings bank, credit union, or savings and loan association organized pursuant to the laws of any one of the United States of America or the laws of a foreign country if also qualified to conduct business in any one of the United States of America or pursuant to the laws of the United States of America;

(5) "Services" means work, labor, or services of any kind when purchased primarily for personal, family, or household use and not for commercial or business use whether or not furnished in connection with the delivery, installation, servicing, repair, or improvement of goods and includes repairs, alterations, or improvements upon or in connection with real property, but does not include services for which the price charged is required by law to be determined or approved by or to be filed, subject to approval or disapproval, with the United States or any state, or any department, division, agency, officer, or official of either as in the case of transportation services;

(6) "Retail buyer" or "buyer" means a person who buys or agrees to buy goods or obtain services or agrees to have services rendered or furnished, from a retail seller;

(7) "Retail seller" or "seller" means a person engaged in the business of selling goods or services to retail buyers;

(8) "Retail installment transaction" means any transaction in which a retail buyer purchases goods or services from a retail seller pursuant to a retail installment contract, a retail charge agreement, or a lender credit card agreement, as defined in this section, which provides for a service charge, as defined in this section, and under which the buyer agrees to pay the unpaid principal balance in one or more installments or which provides for no service charge and under which the buyer agrees to pay the unpaid balance in more than four installments;

(9) "Retail installment contract" or "contract" means a contract, other than a retail charge agreement, a lender credit card agreement, or an instrument reflecting a sale made pursuant thereto, entered into or performed in this state for a retail installment transaction. The term "retail installment contract" may include a chattel mortgage, a conditional sale contract, and a contract in the form of a bailment or a lease if the bailee or lessee contracts to pay as compensation for their use a sum substantially equivalent to or in excess of the value of the goods sold and if it is agreed that the bailee or lessee is bound to become, or for no other or a merely nominal consideration, has the option of becoming the owner of the goods upon full compliance with the provisions of the bailment or lease. The term "retail installment contract" does not include: (a) A "consumer lease," heretofore or hereafter entered into, as defined in RCW 63.10.020; (b) a lease which would constitute such "consumer lease" but for the fact that: (i) It was entered into before April 29, 1983; (ii) the lessee was not a natural person; (iii) the lease was not primarily for personal, family, or household purposes; or (iv) the total contractual obligations exceeded twenty-five thousand dollars; or (c) a lease-purchase agreement under chapter 63.19 RCW;

(10) "Retail charge agreement," "revolving charge agreement," or "charge agreement" means an agreement between a retail buyer and a retail seller that is entered into or performed in this state and that prescribes the terms of retail installment transactions with one or more sellers which may be made thereunder from time to time and under the terms of which a service charge, as defined in this section, is to be computed in relation to the buyer's unpaid balance from time to time;

(11) "Service charge" however denominated or expressed, means the amount which is paid or payable for the privilege of purchasing goods or services to be paid for by the buyer in installments over a period of time. It does not include the amount, if any, charged for insurance premiums, delinquency charges, attorneys' fees, court costs, any vehicle dealer administrative fee under RCW 46.12.042, any vehicle dealer documentary service fee under RCW 46.70.180(2), or official fees;

(12) "Sale price" means the price for which the seller would have sold or furnished to the buyer, and the buyer would have bought or obtained from the seller, the goods or services which are the subject matter of a retail installment transaction. The sale price may include any taxes, registration and license fees, the cost of a guaranteed asset protection waiver, any vehicle dealer administrative fee, any vehicle dealer documentary service fee, and charges for transferring vehicle titles, delivery, installation, servicing, repairs, alterations, or improvements;

(13) "Official fees" means the amount of the fees prescribed by law and payable to the state, county, or other governmental agency for filing, recording, or otherwise perfecting, and releasing or satisfying, a retained title, lien, or other security interest created by a retail installment transaction;

(14) "Time balance" means the principal balance plus the service charge;

(15) "Principal balance" means the sale price of the goods or services which are the subject matter of a retail installment contract less the amount of the buyer's down payment in money or goods or both, plus the amounts, if any, included therein, if a separate identified charge is made therefor and stated in the contract, for insurance, any vehicle dealer administrative fee, any vehicle dealer documentary service fee, and official fees; and the amount actually paid or to be paid by the retail seller pursuant to an agreement with the buyer to discharge a security interest or lien on like-kind goods traded in or lease interest in the circumstance of a lease for like goods being terminated in conjunction with the sale pursuant to a retail installment contract;

(16) "Person" means an individual, partnership, joint venture, corporation, association, or any other group, however organized;

(17) "Rate" means the percentage which, when multiplied times the outstanding balance for each month or other installment period, yields the amount of the service charge for such month or period.

**NEW SECTION. Sec. 12.** 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. 13.** This act is applicable to all guaranteed asset protection waiver agreements entered into on or after January 1, 2010.

**NEW SECTION. Sec. 14.** Sections 1 through 10, 12, and 13 of this act constitute a new chapter in Title 48 RCW."

Correct the title.

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

Amendment (190) was adopted. The bill was ordered engrossed.

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

Representatives Kirby and Bailey spoke in favor of the passage of the bill.

The Speaker (Representative Morris presiding) stated the question before the House to be the final passage of Engrossed House Bill No. 1530.

### ROLL CALL

The Clerk called the roll on the final passage of Engrossed House Bill No. 1530 and the bill passed the House by the following vote: Yeas, 96; Nays, 0; Absent, 0; Excused, 1.

Voting yea: Representatives Alexander, Anderson, Angel, Appleton, Armstrong, Bailey, Blake, Campbell, Carlyle, Chandler, Chase, Clibborn, Cody, Condotta, Conway, Cox, Crouse, Dammeier, Darneille, DeBolt, Dickerson, Driscoll, Dunshee, Eddy, Ericks, Ericksen, Finn, Flannigan, Goodman, Grant-Herriot, Green, Haigh, Haler, Hasegawa, Herrera, Hinkle, Hope, Hudgins, Hunt, Hunter, Hurst, Jacks, Johnson, Kagi, Kelley, Kenney, Kessler, Kirby, Klippert, Kretz, Kristiansen, Liias, Linville, Maxwell, McCoy, McCune, Miloscia, Moeller, Morrell, Morris, Nelson, O'Brien, Orcutt, Ormsby, Orwall, Pearson, Pedersen, Pettigrew, Priest, Probst, Quall, Roach, Roberts, Rodne, Rolfes, Ross, Santos, Schmick, Seaquist, Sells, Shea, Short, Simpson, Smith, Springer, Sullivan,

Takko, Upthegrove, Van De Wege, Wallace, Walsh, Warnick, White, Williams, Wood and Mr. Speaker.

Excused: Representative Parker.

ENGROSSED HOUSE BILL NO. 1530, having received the necessary constitutional majority, was declared passed.

**HOUSE BILL NO. 1703, by Representatives Cody, Pedersen, Green, White, Wood, Bailey, Moeller, Morrell, Walsh, Nelson and Kenney**

**Concerning child immunization exemptions.**

The bill was read the second time.

There being no objection, Substitute House Bill No. 1703 was substituted for House Bill No. 1703 and the substitute bill was placed on the second reading calendar.

SUBSTITUTE HOUSE BILL NO. 1703 was read the second time.

Representative Cox moved the adoption of amendment (199):

On page 2, line 14, after "exemption:" insert "and"

On page 2, beginning on line 15, after "(B)" strike all material through "(C)" on line 19

Representative Cox and Cody spoke in favor of the adoption of the amendment.

Amendment (199) was adopted. The bill was ordered engrossed.

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

Representatives Cody, Cox and Johnson spoke in favor of the passage of the bill.

Representatives Roach and Ericksen spoke against the passage of the bill.

The Speaker (Representative Morris presiding) stated the question before the House to be the final passage of Engrossed Substitute House Bill No. 1703.

### ROLL CALL

The Clerk called the roll on the final passage of Engrossed Substitute House Bill No. 1703 and the bill passed the House by the following vote: Yeas, 77; Nays, 19; Absent, 0; Excused, 1.

Voting yea: Representatives Alexander, Anderson, Appleton, Armstrong, Bailey, Blake, Carlyle, Chase, Clibborn, Cody, Conway, Cox, Dammeier, Darneille, DeBolt, Dickerson, Driscoll, Dunshee, Eddy, Ericks, Finn, Flannigan, Goodman, Green, Haigh, Haler, Hasegawa, Hinkle, Hudgins, Hunt, Hunter, Hurst, Jacks, Johnson, Kagi, Kelley, Kenney, Kessler, Liias, Linville, Maxwell, McCoy, Miloscia, Moeller, Morrell, Morris, Nelson, O'Brien, Ormsby, Orwall, Pedersen, Pettigrew, Priest, Probst, Quall, Roberts, Rodne, Rolfes, Ross, Santos, Schmick, Seaquist, Sells, Simpson, Smith,

Springer, Sullivan, Takko, Upthegrove, Van De Wege, Wallace, Walsh, Warnick, White, Williams, Wood and Mr. Speaker.

Voting nay: Representatives Angel, Campbell, Chandler, Condotta, Crouse, Ericksen, Grant-Herriot, Herrera, Hope, Kirby, Klippert, Kretz, Kristiansen, McCune, Orcutt, Pearson, Roach, Shea and Short.

Excused: Representative Parker.

ENGROSSED SUBSTITUTE HOUSE BILL NO. 1703, having received the necessary constitutional majority, was declared passed.

**HOUSE BILL NO. 2095, by Representatives Orwall, Finn, Upthegrove, Simpson, Rodne and Quall**

**Clarifying the permitting, training, and licensing process for driver training schools.**

The bill was read the second time.

There being no objection, Substitute House Bill No. 2095 was substituted for House Bill No. 2095 and the substitute bill was placed on the second reading calendar.

SUBSTITUTE HOUSE BILL NO. 2095 was read the second time.

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

Representatives Orwall and Roach spoke in favor of the passage of the bill.

The Speaker (Representative Morris presiding) stated the question before the House to be the final passage of Substitute House Bill No. 2095.

**ROLL CALL**

The Clerk called the roll on the final passage of Substitute House Bill No. 2095 and the bill passed the House by the following vote: Yeas, 96; Nays, 0; Absent, 0; Excused, 1.

Voting yea: Representatives Alexander, Anderson, Angel, Appleton, Armstrong, Bailey, Blake, Campbell, Carlyle, Chandler, Chase, Clibborn, Cody, Condotta, Conway, Cox, Crouse, Dammeier, Darneille, DeBolt, Dickerson, Driscoll, Dunshee, Eddy, Ericks, Ericksen, Finn, Flannigan, Goodman, Grant-Herriot, Green, Haigh, Haler, Hasegawa, Herrera, Hinkle, Hope, Hudgins, Hunt, Hunter, Hurst, Jacks, Johnson, Kagi, Kelley, Kenney, Kessler, Kirby, Klippert, Kretz, Kristiansen, Liias, Linville, Maxwell, McCoy, McCune, Miloscia, Moeller, Morrell, Morris, Nelson, O'Brien, Orcutt, Ormsby, Orwall, Pearson, Pedersen, Pettigrew, Priest, Probst, Quall, Roach, Roberts, Rodne, Rolfes, Ross, Santos, Schmick, Seaquist, Sells, Shea, Short, Simpson, Smith, Springer, Sullivan, Takko, Upthegrove, Van De Wege, Wallace, Walsh, Warnick, White, Williams, Wood and Mr. Speaker.

Excused: Representative Parker.

SUBSTITUTE HOUSE BILL NO. 2095, having received the necessary constitutional majority, was declared passed.

**HOUSE BILL NO. 2114, by Representatives Seaquist and Cody**

**Establishing a forum for testing primary care medical home reimbursement pilot projects.**

The bill was read the second time.

There being no objection, Second Substitute House Bill No. 2114 was substituted for House Bill No. 2114 and the second substitute bill was placed on the second reading calendar.

SECOND SUBSTITUTE HOUSE BILL NO. 2114 was read the second time.

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

Representative Seaquist spoke in favor of the passage of the bill.

The Speaker (Representative Morris presiding) stated the question before the House to be the final passage of Second Substitute House Bill No. 2114.

**ROLL CALL**

The Clerk called the roll on the final passage of Second Substitute House Bill No. 2114 and the bill passed the House by the following vote: Yeas, 96; Nays, 0; Absent, 0; Excused, 1.

Voting yea: Representatives Alexander, Anderson, Angel, Appleton, Armstrong, Bailey, Blake, Campbell, Carlyle, Chandler, Chase, Clibborn, Cody, Condotta, Conway, Cox, Crouse, Dammeier, Darneille, DeBolt, Dickerson, Driscoll, Dunshee, Eddy, Ericks, Ericksen, Finn, Flannigan, Goodman, Grant-Herriot, Green, Haigh, Haler, Hasegawa, Herrera, Hinkle, Hope, Hudgins, Hunt, Hunter, Hurst, Jacks, Johnson, Kagi, Kelley, Kenney, Kessler, Kirby, Klippert, Kretz, Kristiansen, Liias, Linville, Maxwell, McCoy, McCune, Miloscia, Moeller, Morrell, Morris, Nelson, O'Brien, Orcutt, Ormsby, Orwall, Pearson, Pedersen, Pettigrew, Priest, Probst, Quall, Roach, Roberts, Rodne, Rolfes, Ross, Santos, Schmick, Seaquist, Sells, Shea, Short, Simpson, Smith, Springer, Sullivan, Takko, Upthegrove, Van De Wege, Wallace, Walsh, Warnick, White, Williams, Wood and Mr. Speaker.

Excused: Representative Parker.

SECOND SUBSTITUTE HOUSE BILL NO. 2114, having received the necessary constitutional majority, was declared passed.

**HOUSE BILL NO. 2164, by Representatives Pettigrew, Haler, Santos, McCoy, Miloscia, Kagi, Hunt, Kenney, Sullivan, Darneille, Seaquist, Roberts, Chase, Hasegawa, Dickerson and Goodman**

**Remediating racial disproportionality in child welfare practices.**

The bill was read the second time.

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

Representative Pettigrew spoke in favor of the passage of the bill.

Representative Hinkle spoke against the passage of the bill.

The Speaker (Representative Morris presiding) stated the question before the House to be the final passage of House Bill No. 2164.

### ROLL CALL

The Clerk called the roll on the final passage of House Bill No. 2164 and the bill passed the House by the following vote: Yeas, 77; Nays, 19; Absent, 0; Excused, 1.

Voting yea: Representatives Alexander, Appleton, Armstrong, Bailey, Blake, Campbell, Carlyle, Chase, Clibborn, Cody, Conway, Cox, Dammeier, Darneille, DeBolt, Dickerson, Driscoll, Dunshee, Eddy, Ericks, Finn, Flannigan, Goodman, Green, Haigh, Haler, Hasegawa, Hope, Hudgins, Hunt, Hunter, Hurst, Jacks, Johnson, Kagi, Kelley, Kenney, Kessler, Kirby, Kristiansen, Lias, Linville, Maxwell, McCoy, Miloscia, Moeller, Morrell, Morris, Nelson, O'Brien, Ormsby, Orwall, Pearson, Pedersen, Pettigrew, Priest, Probst, Quall, Roach, Roberts, Rodne, Rolfes, Ross, Santos, Schmick, Seaquist, Sells, Simpson, Smith, Springer, Sullivan, Takko, Upthegrove, Van De Wege, Wallace, White, Williams, Wood and Mr. Speaker.

Voting nay: Representatives Anderson, Angel, Chandler, Condotta, Crouse, Ericksen, Grant-Herriot, Herrera, Hinkle, Klippert, Kretz, McCune, Orcutt, Rodne, Ross, Shea, Short, Walsh and Warnick.

Excused: Representative Parker.

HOUSE BILL NO. 2164, having received the necessary constitutional majority, was declared passed.

### HOUSE BILL NO. 2223, by Representatives Clibborn, Johnson and Morrell

#### Exempting applicants who operate commercial motor vehicles for agribusiness purposes from certain commercial driver's license requirements.

The bill was read the second time.

There being no objection, Substitute House Bill No. 2223 was substituted for House Bill No. 2223 and the substitute bill was placed on the second reading calendar.

SUBSTITUTE HOUSE BILL NO. 2223 was read the second time.

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

Representatives Clibborn and Johnson spoke in favor of the passage of the bill.

The Speaker (Representative Morris presiding) stated the question before the House to be the final passage of Substitute House Bill No. 2223.

### ROLL CALL

The Clerk called the roll on the final passage of Substitute House Bill No. 2223 and the bill passed the House by the following vote: Yeas, 95; Nays, 1; Absent, 0; Excused, 1.

Voting yea: Representatives Alexander, Anderson, Angel, Appleton, Armstrong, Bailey, Blake, Campbell, Carlyle, Chandler,

Chase, Clibborn, Cody, Condotta, Conway, Cox, Crouse, Dammeier, Darneille, DeBolt, Dickerson, Driscoll, Dunshee, Eddy, Ericks, Ericksen, Finn, Flannigan, Goodman, Grant-Herriot, Green, Haigh, Haler, Hasegawa, Herrera, Hinkle, Hope, Hudgins, Hunt, Hunter, Hurst, Jacks, Johnson, Kagi, Kelley, Kenney, Kessler, Kirby, Kretz, Kristiansen, Lias, Linville, Maxwell, McCoy, McCune, Miloscia, Moeller, Morrell, Morris, Nelson, O'Brien, Orcutt, Ormsby, Orwall, Pearson, Pedersen, Pettigrew, Priest, Probst, Quall, Roach, Roberts, Rodne, Rolfes, Ross, Santos, Schmick, Seaquist, Sells, Shea, Short, Simpson, Smith, Springer, Sullivan, Takko, Upthegrove, Van De Wege, Wallace, Walsh, Warnick, White, Williams, Wood and Mr. Speaker.

Voting nay: Representative Klippert.

Excused: Representative Parker.

SUBSTITUTE HOUSE BILL NO. 2223, having received the necessary constitutional majority, was declared passed.

### HOUSE BILL NO. 2275, by Representatives Kretz, Springer, Shea, Sullivan, Blake, Jacks, Warnick, Short, Hinkle, Schmick, Armstrong, Parker and McCune

#### Providing a sales and use tax exemption for the nonhighway use of propane by farmers.

The bill was read the second time.

There being no objection, Substitute House Bill No. 2275 was substituted for House Bill No. 2275 and the substitute bill was placed on the second reading calendar.

SUBSTITUTE HOUSE BILL NO. 2275 was read the second time.

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

Representatives Kretz and Grant-Herriot spoke in favor of the passage of the bill.

The Speaker (Representative Morris presiding) stated the question before the House to be the final passage of Substitute House Bill No. 2275.

### ROLL CALL

The Clerk called the roll on the final passage of Substitute House Bill No. 2275 and the bill passed the House by the following vote: Yeas, 92; Nays, 4; Absent, 0; Excused, 1.

Voting yea: Representatives Alexander, Angel, Appleton, Armstrong, Bailey, Blake, Campbell, Carlyle, Chandler, Chase, Clibborn, Cody, Condotta, Conway, Cox, Crouse, Dammeier, Darneille, DeBolt, Dickerson, Driscoll, Dunshee, Eddy, Ericks, Ericksen, Finn, Flannigan, Goodman, Grant-Herriot, Green, Haigh, Haler, Herrera, Hinkle, Hope, Hunt, Hunter, Hurst, Jacks, Johnson, Kelley, Kenney, Kessler, Kirby, Klippert, Kretz, Kristiansen, Lias, Linville, Maxwell, McCoy, McCune, Miloscia, Moeller, Morrell, Morris, Nelson, O'Brien, Orcutt, Ormsby, Orwall, Pearson, Pedersen, Pettigrew, Priest, Probst, Quall, Roach, Roberts, Rodne, Rolfes, Ross, Santos, Schmick, Seaquist, Sells, Shea, Short, Simpson, Smith, Springer, Sullivan, Takko, Upthegrove, Van De Wege, Wallace, Walsh, Warnick, White, Williams, Wood and Mr. Speaker.

Voting nay: Representatives Anderson, Hasegawa, Hudgins and Kagi.

Excused: Representative Parker.

SUBSTITUTE HOUSE BILL NO. 2275, having received the necessary constitutional majority, was declared passed.

**HOUSE BILL NO. 2021, by Representatives Kenney, Probst, Wallace, Sullivan, Priest, Maxwell, Chase, Ormsby, Hudgins, Jacks, Liias, White, Sells, Morrell, Kelley, Darneille, Wood and Roberts**

Revitalizing student financial aid.

The bill was read the second time.

There being no objection, Second Substitute House Bill No. 2021 was substituted for House Bill No. 2021 and the second substitute bill was placed on the second reading calendar.

SECOND SUBSTITUTE HOUSE BILL NO. 2021 was read the second time.

Representative Kenney moved the adoption of amendment (235):

On page 11, beginning on line 13, strike all of sections 11 and 12 and insert the following:

"**Sec. 11.** RCW 28B.12.060 and 2005 c 93 s 4 are each amended to read as follows:

The higher education coordinating board shall adopt rules as may be necessary or appropriate for effecting the provisions of this chapter, and not in conflict with this chapter, in accordance with the provisions of chapter 34.05 RCW, the state higher education administrative procedure act. Such rules shall include provisions designed to make employment under the work-study program reasonably available, to the extent of available funds, to all eligible needy students in eligible post-secondary institutions (~~(in need thereof)~~). The rules shall include:

(1) Providing work under the state work-study program that will not result in the displacement of employed workers or impair existing contracts for services;

(2) Furnishing work only to a student who:

(a) Is capable, in the opinion of the eligible institution, of maintaining good standing in such course of study while employed under the program covered by the agreement; and

(b) Has been accepted for enrollment as at least a half-time student at the eligible institution or, in the case of a student already enrolled in and attending the eligible institution, is in good standing and in at least half-time attendance there either as an undergraduate, graduate or professional student; and

(c) Is not pursuing a degree in theology;

(3) Placing priority on providing:

(a) Work opportunities for students who are residents of the state of Washington as defined in RCW 28B.15.012 and 28B.15.013, particularly former foster youth as defined in RCW 28B.92.060, (~~except resident students defined in RCW 28B.15.012(2)(g)~~);

(b) Job placements in fields related to each student's academic or vocational pursuits, with an emphasis on off-campus job placements whenever appropriate; and

(c) Off-campus community service placements;

(4) To the extent practicable, limiting the proportion of state subsidy expended upon resident students to fifteen percent, or such less amount as specified in the biennial appropriations act;

(5) Provisions to assure that in the state institutions of higher education, utilization of this work-study program:

(a) Shall only supplement and not supplant classified positions under jurisdiction of chapter 41.06 RCW;

(b) That all positions established which are comparable shall be identified to a job classification under the director of personnel's classification plan and shall receive equal compensation;

(c) Shall not take place in any manner that would replace classified positions reduced due to lack of funds or work; and

(d) That work study positions shall only be established at entry level positions of the classified service unless the overall scope and responsibilities of the position indicate a higher level; and

~~((5))~~ (6) Provisions to encourage job placements in occupations that meet Washington's economic development goals, especially those in international trade and international relations. The board shall permit appropriate job placements in other states and other countries."

Renumber the remaining sections consecutively and correct and internal references accordingly

Correct the title

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

Amendment (235) was adopted.

Representative Wallace moved the adoption of amendment (228):

On page 12, after line 26, insert the following:

**NEW SECTION. Sec. 14.** (1) The Washington higher education loan program is created. The program is created to assist students in need of additional low-cost student loans and related loan benefits.

(2) The program shall be administered by the board. In administering the program, the board must:

(a) Periodically assess the needs and target the benefits to selected groups of students;

(b) Devise a program to address the following issues related to loans:

(i) Issuance of low-interest educational loans;

(ii) Determining loan repayment obligations and options;

(iii) Borrowing educational loans at low interest rates;

(iv) Developing conditional loans that can be forgiven in exchange for service; and

(v) Creating an emergency loan fund to help students until other state and federal long-term financing can be secured;

(c) Work with public depositories to implement the provisions in this chapter;

(d) Accept public and private contributions into the higher education loan program account;

(e) Publicize the program in partnership with the public depositories; and

(f) Work with public and private colleges and universities, the state board for community and technical colleges, the workforce training and education coordinating board, and with students, to conduct periodic assessment of program needs. The board may also consult with other groups and individuals as needed.

**NEW SECTION. Sec. 15.** The definitions in this section apply throughout this chapter unless the context clearly requires otherwise.

- (1) "Board" means the higher education coordinating board.
- (2) "Institution of higher education" means a college or university in the state of Washington that is accredited by an accrediting association recognized as such by rule of the board.
- (3) "Needy student" has the definition in RCW 28B.92.030.
- (4) "Program" means the Washington higher education loan program.
- (5) "Resident student" has the definition in RCW 28B.15.012(2) (a) through (d).

**NEW SECTION. Sec. 16.** The Washington higher education loan program account is created in the custody of the state treasurer. Expenditures from the account may be used only for the Washington higher education loan program including costs associated with program administration by the board. Only the director of the board or the director's designee may authorize expenditures from the account. The account is subject to the allotment procedures under chapter 43.88 RCW, except for moneys used for program administration. An appropriation is not required for expenditures from the account.

**NEW SECTION. Sec. 17.** (1) The state treasurer shall establish a higher education loan program for investment of deposits in qualified public depositories. As a condition of participating in the program, qualified public depositories must make qualifying loans as provided in this section. Subject to available funds, the state treasurer may purchase a certificate of deposit that is equal to the amount of the qualifying loan made by the qualified public depository or may purchase a certificate of deposit that is equal to the aggregate amount of two or more qualifying loans made by one or more qualified public depositories.

(2) Qualifying loans made under this section are those:

- (a) Having terms that do not exceed ten years commencing six months from the date the participant completes or discontinues the course of study;
  - (b)(i) Where an individual loan does not exceed resident undergraduate tuition and state-mandated fees at the most expensive Washington public institution of higher education for loans granted to students pursuing an undergraduate degree; or
  - (ii) Where an individual loan does not exceed resident graduate or professional tuition and state-mandated fees at the most expensive Washington public institution of higher education for loans granted to students pursuing a graduate or professional degree;
- (c) That are made to resident students who are needy students;
- (d) That are made to students attending an institution of higher education; and
- (e) Where the interest rate on the loan to the student does not exceed an interest rate that is two hundred basis points below the interest rate the qualified public depository would charge for a loan for a similar purpose and a similar term, except that, if the preference given by the state treasurer to the qualified public depository under subsection (3) of this section is less than two hundred basis points, the qualified public depository may reduce the preference given on the loan by an amount that corresponds to the reduction in preference below two hundred basis points given to the qualified public depository.

(3) In setting interest rates of time certificate of deposits, the state treasurer shall offer rates so that a two hundred basis point preference will be given to the qualified public depository, except that the treasurer shall lower the amount of the preference to ensure that the effective interest rate on the time certificate of deposit is not less than two hundred basis points.

(4) The board may adopt rules to:

- (a) Further restrict program eligibility based on financial need;
- (b) Ensure that when making a qualified loan under the program, students who have never received a loan under the program are given first priority;
- (c) Limit the total principal loan amount that any one student receives in qualified loans under the program over the span of enrollment in institutions of higher education;
- (d) Limit the total amount of any one qualified loan made under the program; and
- (e) Limit the points or fees charged at loan closing."

Renumber the remaining sections consecutively and correct any internal references accordingly.

On page 13, after line 4, insert the following:

**"NEW SECTION. Sec. 15.** Sections 14 through 17 of this act constitute a new chapter in Title 28B RCW."

Renumber the remaining sections consecutively and correct any internal references accordingly.

Correct the title.

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

Amendment (228) was adopted.

Representative Anderson moved the adoption of amendment (177):

Strike everything after the enacting clause and insert the following:

**"NEW SECTION. Sec. 1.** (1) Within existing resources, the higher education coordinating board shall convene a work group on simplifying and consolidating student financial assistance. The work group shall include one member from the student financial assistance division of the higher education coordinating board and one member from the student services division of the state board for community and technical colleges, one financial aid administrator from a four-year institution of higher education, one financial aid administrator from a community or technical college, one member from the employment security department, and one member from the council of presidents office.

(2) The committee shall prepare a plan to streamline, promote, and expand access to financial aid programs. In developing the plan, the higher education coordinating board and their partners, identified in this section, shall take the following actions:

- (a) Conduct an analysis of all the existing financial aid programs including the populations served, total state expenditures dedicated to each program, average award levels per student, and the number of staff dedicated to program administration;
- (b) Based on the analysis outlined in section (a) of this subsection, develop recommendations on the programs that provide the greatest value to the largest number of students, the programs that best meet state access and affordability goals, and a process and timeline for implementing these recommendations;
- (c) Develop an incentive system to assure that the state's investment in student financial assistance increases completion and career placement rates and rewards institutions that efficiently produce highly skilled graduates, ready for work in high-demand occupations.

(3) The higher education coordinating board shall submit the report to the appropriate committees of the legislature by December 1, 2009."

Correct the title.

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

Representative Kenney spoke against the adoption of the amendment.

Amendment (177) was not adopted.

The bill was ordered engrossed.

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

Representative Kenney spoke in favor of the passage of the bill.

Representative Anderson spoke against the passage of the bill.

The Speaker (Representative Morris presiding) stated the question before the House to be the final passage of Engrossed Second Substitute House Bill No. 2021.

#### ROLL CALL

The Clerk called the roll on the final passage of Engrossed Second Substitute House Bill No. 2021 and the bill passed the House by the following vote: Yeas, 62; Nays, 34; Absent, 0; Excused, 1.

Voting yea: Representatives Appleton, Blake, Campbell, Carlyle, Chase, Clibborn, Cody, Conway, Darneille, Dickerson, Driscoll, Dunshee, Eddy, Ericks, Finn, Flannigan, Goodman, Green, Haigh, Hasegawa, Hudgins, Hunt, Hunter, Hurst, Jacks, Kagi, Kelley, Kenney, Kessler, Kirby, Lias, Linville, Maxwell, McCoy, Miloscia, Moeller, Morrell, Morris, Nelson, O'Brien, Ormsby, Orwall, Pedersen, Pettigrew, Probst, Quall, Roberts, Rolfes, Santos, Seaquist, Sells, Simpson, Springer, Sullivan, Takko, Upthegrove, Van De Wege, Wallace, White, Williams, Wood and Mr. Speaker.

Voting nay: Representatives Alexander, Anderson, Angel, Armstrong, Bailey, Chandler, Condotta, Cox, Crouse, Dammeier, DeBolt, Ericksen, Grant-Herriot, Halder, Herrera, Hinkle, Hope, Johnson, Klippert, Kretz, Kristiansen, McCune, Orcutt, Pearson, Priest, Roach, Rodne, Ross, Schmick, Shea, Short, Smith, Walsh and Warnick.

Excused: Representative Parker.

ENGROSSED SECOND SUBSTITUTE HOUSE BILL NO. 2021, having received the necessary constitutional majority, was declared passed.

**HOUSE BILL NO. 1321, by Representatives Kenney, McCoy, Halder, Chandler, Ericks, Ormsby, Hasegawa, Pettigrew, Walsh, Klippert and Armstrong**

**Concerning the tax on cleaning up radioactive waste and other byproducts of weapons production and nuclear research and development.**

The bill was read the second time.

There being no objection, Substitute House Bill No. 1321 was substituted for House Bill No. 1321 and the substitute bill was placed on the second reading calendar.

SUBSTITUTE HOUSE BILL NO. 1321 was read the second time.

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

Representatives Kenney, Klippert, Grant-Herriot and Halder spoke in favor of the passage of the bill.

The Speaker (Representative Morris presiding) stated the question before the House to be the final passage of Substitute House Bill No. 1321.

#### ROLL CALL

The Clerk called the roll on the final passage of Substitute House Bill No. 1321 and the bill passed the House by the following vote: Yeas, 95; Nays, 1; Absent, 0; Excused, 1.

Voting yea: Representatives Alexander, Anderson, Angel, Appleton, Armstrong, Bailey, Blake, Campbell, Carlyle, Chandler, Clibborn, Cody, Condotta, Conway, Cox, Crouse, Dammeier, Darneille, DeBolt, Dickerson, Driscoll, Dunshee, Eddy, Ericks, Ericksen, Finn, Flannigan, Goodman, Grant-Herriot, Green, Haigh, Halder, Hasegawa, Herrera, Hinkle, Hope, Hudgins, Hunt, Hunter, Hurst, Jacks, Johnson, Kagi, Kelley, Kenney, Kessler, Kirby, Klippert, Kretz, Kristiansen, Lias, Linville, Maxwell, McCoy, McCune, Miloscia, Moeller, Morrell, Morris, Nelson, O'Brien, Orcutt, Ormsby, Orwall, Pearson, Pedersen, Pettigrew, Priest, Probst, Quall, Roach, Roberts, Rodne, Rolfes, Ross, Santos, Schmick, Seaquist, Sells, Shea, Short, Simpson, Smith, Springer, Sullivan, Takko, Upthegrove, Van De Wege, Wallace, Walsh, Warnick, White, Williams, Wood and Mr. Speaker.

Voting nay: Representative Chase.

Excused: Representative Parker.

SUBSTITUTE HOUSE BILL NO. 1321, having received the necessary constitutional majority, was declared passed.

**HOUSE BILL NO. 1329, by Representatives Pettigrew, Conway, Kagi, Hunt, Seaquist, Sells, Priest, Kenney, Ormsby, Wood, Haigh, White, Chase, Herrera, Morrell, Lias, Green, Cody, Appleton, Hasegawa, Carlyle, Simpson, McCoy, Sullivan, Orwall, Goodman, Campbell, Hudgins, Moeller, Nelson and Santos**

**Providing collective bargaining for child care center directors and workers.**

The bill was read the second time.

There being no objection, Substitute House Bill No. 1329 was substituted for House Bill No. 1329 and the substitute bill was placed on the second reading calendar.

SUBSTITUTE HOUSE BILL NO. 1329 was read the second time.

Representative Chandler moved the adoption of amendment (224):

On page 5, line 33, after "children" insert ", including any child care center that declines to pay representation fees or other fees in accordance with a union security provision"

On page 6, line 1, after "(c)" insert the following:

"The secretary of the department of social and health services' right to determine the child care centers that receive child care subsidies, except that the secretary is prohibited from barring a child care center from receiving child care subsidies because the center declines to pay representation fees or other fees in accordance with a union security provision;

(d)"

Reletter the sections consecutively and correct any internal references accordingly.

Representatives Chandler and Condotta spoke in favor of the adoption of the amendment.

Representative Conway spoke against the adoption of the amendment.

The Speaker (Representative Morris presiding) divided the House. The result was 35 – YEA; 61 – NAY.

Amendment (224) was not adopted.

Representative Chandler moved the adoption of amendment (193):

On page 10, line 26, after "RCW 74.15.030 that" strike "has at least one child care slot filled by a child for whom it receives a child care subsidy" and insert "receives child care subsidies for at least twenty-five percent of the children in the child care center"

Representatives Chandler and Ericksen spoke in favor of the adoption of the amendment.

Representative Pettigrew spoke against the adoption of the amendment.

Amendment (193) was not adopted.

Representative Chandler moved the adoption of amendment (186):

On page 16, after line 10, insert the following:

"(3) The department shall not release the name, street address, electronic mail address, telephone number, social security number, or any other personal information of any child care center director or worker without his or her explicit written consent."

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

Representative Conway spoke against the adoption of the amendment.

Amendment (186) was not adopted.

Representative Condotta moved the adoption of amendment (187):

On page 16, beginning on line 29, strike all of sections 11 through 13

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

Correct the title.

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

Representative Pettigrew spoke against the adoption of the amendment.

Amendment (187) was not adopted.

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

Representatives Pettigrew, Kagi and Dickerson spoke in favor of the passage of the bill.

Representatives Alexander, Hinkle and Chandler spoke against the passage of the bill.

The Speaker (Representative Morris presiding) stated the question before the House to be the final passage of Substitute House Bill No. 1329.

#### ROLL CALL

The Clerk called the roll on the final passage of Substitute House Bill No. 1329 and the bill passed the House by the following vote: Yeas, 65; Nays, 31; Absent, 0; Excused, 1.

Voting yea: Representatives Angel, Appleton, Blake, Campbell, Carlyle, Chase, Cody, Conway, Crouse, Dammeier, Darneille, Dickerson, Driscoll, Dunshee, Eddy, Ericks, Finn, Flannigan, Goodman, Green, Haigh, Hasegawa, Herrera, Hudgins, Hunt, Hunter, Hurst, Jacks, Kagi, Kelley, Kenney, Kessler, Kirby, Liias, Linville, Maxwell, McCoy, Miloscia, Moeller, Morrell, Morris, Nelson, O'Brien, Ormsby, Orwall, Pedersen, Pettigrew, Priest, Probst, Quall, Roberts, Rolfes, Santos, Seaquist, Sells, Simpson, Sullivan, Takko, Upthegrove, Van De Wege, Wallace, White, Williams, Wood and Mr. Speaker.

Voting nay: Representatives Alexander, Anderson, Armstrong, Bailey, Chandler, Clibborn, Condotta, Cox, DeBolt, Ericksen, Grant-Herriot, Haler, Hinkle, Hope, Johnson, Klippert, Kretz, Kristiansen, McCune, Orcutt, Pearson, Roach, Rodne, Ross, Schmick, Shea, Short, Smith, Springer, Walsh and Warnick.

Excused: Representative Parker.

SUBSTITUTE HOUSE BILL NO. 1329, having received the necessary constitutional majority, was declared passed.

**HOUSE BILL NO. 2010, by Representatives Dunshee and Nelson**

**Concerning state funding for local projects.**

The bill was read the second time.

There being no objection, Substitute House Bill No. 2010 was substituted for House Bill No. 2010 and the substitute bill was placed on the second reading calendar.

SUBSTITUTE HOUSE BILL NO. 2010 was read the second time.

Representative Anderson moved the adoption of amendment (221):

On page 1, beginning on line 5, strike all of section 1.

Renumber the sections consecutively and correct any internal references accordingly, and correct the title.

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

Representative Dunshee spoke against the adoption of the amendment.

Amendment (221) was not adopted.

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

Representatives Dunshee, Ormsby, White and Simpson spoke in favor of the passage of the bill.

Representatives Warnick, Anderson, Pearson, Short, Haler, Herrera, Shea, Hinkle and Ericksen spoke against the passage of the bill.

#### **SPEAKER'S RULING**

Mr. Speaker (Representative Morris presiding): "Representative Ericksen, the Speaker would ask you not to assign motives in your remarks. I am going to let you continue but your remarks were out of order."

Representative Ericksen (again) spoke against the passage of the bill.

#### **SPEAKER'S RULING**

Mr. Speaker (Representative Morris presiding): "Representative Ericksen, you are straying off the topic of the local projects and the criteria of the bill. Bring your remarks back to the actual bill and the final question before the House."

Representative Ericksen (again) spoke against the passage of the bill.

Representative Armstrong spoke against the passage of the bill.

#### **SPEAKER'S RULING**

Mr. Speaker (Representative Morris presiding): "Representative Armstrong, the Speaker would like to have you come back to the question actually on the House floor. The Speaker believes that remarks about assigning blame for other questions that were decided previously on the floor are not really germane to the question of the criteria for funding for local projects which seem to be the main issue of debate in the bill before us right now. So if you could please have your remarks either to being in support or against the criteria or of the funding itself; that would be germane to the topic. Please continue."

Representative Armstrong (again) spoke against the passage of the bill.

Representative Simpson spoke in favor of the passage of the bill.

#### **POINT OF ORDER**

Representative Armstrong: "I rise for a point of order, Mr. Speaker. Is the present speaker speaking on the bill or other states and other governors?"

#### **SPEAKER'S RULING**

Mr. Speaker (Representative Morris presiding): "Representative Armstrong, thank you for your point of inquiry. The Speaker believes like I stated previously that the main topic of debate in Substitute House Bill No. 2010 seems to center around criteria in condition to funding for the bill. I have heard many comments from everybody in this body about whether those criteria are good or bad, and about whether the underlining assumptions about those criteria is actually valid or invalid. I believe the good gentleman from the 47th District is speaking to the validity of those criteria and are in line with the debate that has occurred here on the floor.

Your point of inquiry is not well taken."

Representative Simpson (again) spoke in favor of the passage of the bill.

Representatives Bailey, Orcutt, Cox and Haler (again) spoke against the passage of the bill.

The Speaker (Representative Morris presiding) stated the question before the House to be the final passage of Substitute House Bill No. 2010.

#### **ROLL CALL**

The Clerk called the roll on the final passage of Substitute House Bill No. 2010 and the bill passed the House by the following vote: Yeas, 59; Nays, 38; Absent, 0; Excused, 0.

Voting yea: Representatives Appleton, Blake, Campbell, Carlyle, Chase, Clibborn, Cody, Conway, Darneille, Dickerson, Dunshee, Eddy, Ericks, Flannigan, Goodman, Green, Haigh, Hasegawa, Hudgins, Hunt, Hunter, Hurst, Jacks, Kagi, Kenney, Kessler, Kirby, Lias, Linville, Maxwell, McCoy, Miloscia, Moeller, Morrell, Morris, Nelson, Ormsby, Orwall, Pedersen, Pettigrew, Priest, Probst, Quall, Roberts, Rolfes, Santos, Seaquist, Sells, Simpson, Springer, Sullivan, Takko, Upthegrove, Van De Wege, Wallace, White, Williams, Wood and Mr. Speaker.

Voting nay: Representatives Alexander, Anderson, Angel, Armstrong, Bailey, Chandler, Condotta, Cox, Crouse, Dammeier, DeBolt, Driscoll, Ericksen, Finn, Grant-Herriot, Haler, Herrera, Hinkle, Hope, Johnson, Kelley, Klippert, Kretz, Kristiansen, McCune, O'Brien, Orcutt, Parker, Pearson, Roach, Rodne, Ross, Schmick, Shea, Short, Smith, Walsh and Warnick.

SUBSTITUTE HOUSE BILL NO. 2010, having received the necessary constitutional majority, was declared passed.

**HOUSE BILL NO. 1123, by Representatives Campbell, Morrell, Hunter, Pedersen, Chase, Ormsby, Simpson, Wood and Conway**

**Reducing the spread of multidrug resistant organisms.**

The bill was read the second time.

There being no objection, Substitute House Bill No. 1123 was substituted for House Bill No. 1123 and the substitute bill was placed on the second reading calendar.

SUBSTITUTE HOUSE BILL NO. 1123 was read the second time.

Representative Campbell moved the adoption of amendment (218):

On page 1, beginning on line 11, strike all of subsection (a) and insert the following:

"(a) A requirement to test any patient for methicillin-resistant staphylococcus aureus who is a member of a patient population identified as appropriate to test based on the hospital's risk assessment for methicillin-resistant staphylococcus aureus;

(b) A requirement that a patient in the hospital's adult or pediatric, but not neonatal, intensive care unit be tested for methicillin-resistant staphylococcus aureus within twenty-four hours of admission unless the patient has been previously tested during that hospital stay or has a known history of methicillin-resistant staphylococcus aureus;"

On page 1, at the beginning of line 16, strike "(b)" and insert "(c)"

On page 2, at the beginning of line 7, strike "(c)" and insert "(d)"

On page 2, beginning on line 17, strike all of subsection (3)

On page 5, beginning on line 31, after "aureus" strike "beyond what is required under section 1 of this act" and insert "prior to open chest cardiac, total hip, and total knee elective surgeries"

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

Amendment (218) was adopted. The bill was ordered engrossed.

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

Representatives Campbell, Hunter and Hinkle spoke in favor of the passage of the bill.

The Speaker (Representative Morris presiding) stated the question before the House to be the final passage of Engrossed Substitute House Bill No. 1123.

**ROLL CALL**

The Clerk called the roll on the final passage of Engrossed Substitute House Bill No. 1123 and the bill passed the House by the following vote: Yeas, 97; Nays, 0; Absent, 0; Excused, 0.

Voting yea: Representatives Alexander, Anderson, Angel, Appleton, Armstrong, Bailey, Blake, Campbell, Carlyle, Chandler, Chase, Clibborn, Cody, Condotta, Conway, Cox, Crouse, Dammeier, Darneille, DeBolt, Dickerson, Driscoll, Dunshee, Eddy, Ericks, Ericksen, Finn, Flannigan, Goodman, Grant-Herriot, Green, Haigh, Haler, Hasegawa, Herrera, Hinkle, Hope, Hudgins, Hunt, Hunter,

Hurst, Jacks, Johnson, Kagi, Kelley, Kenney, Kessler, Kirby, Klippert, Kretz, Kristiansen, Lias, Linville, Maxwell, McCoy, McCune, Miloscia, Moeller, Morrell, Morris, Nelson, O'Brien, Orcutt, Ormsby, Orwall, Parker, Pearson, Pedersen, Pettigrew, Priest, Probst, Quall, Roach, Roberts, Rodne, Rolfes, Ross, Santos, Schmick, Seaquist, Sells, Shea, Short, Simpson, Smith, Springer, Sullivan, Takko, Upthegrove, Van De Wege, Wallace, Walsh, Warnick, White, Williams, Wood and Mr. Speaker.

ENGROSSED SUBSTITUTE HOUSE BILL NO. 1123, having received the necessary constitutional majority, was declared passed.

**HOUSE BILL NO. 1201, by Representatives O'Brien, Dickerson, Hurst and Appleton****Establishing the community integration assistance program.**

The bill was read the second time.

There being no objection, Substitute House Bill No. 1201 was substituted for House Bill No. 1201 and the substitute bill was placed on the second reading calendar.

SUBSTITUTE HOUSE BILL NO. 1201 was read the second time.

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

Representatives O'Brien and Dammeier spoke in favor of the passage of the bill.

The Speaker (Representative Morris presiding) stated the question before the House to be the final passage of Substitute House Bill No. 1201.

**ROLL CALL**

The Clerk called the roll on the final passage of Substitute House Bill No. 1201 and the bill passed the House by the following vote: Yeas, 97; Nays, 0; Absent, 0; Excused, 0.

Voting yea: Representatives Alexander, Anderson, Angel, Appleton, Armstrong, Bailey, Blake, Campbell, Carlyle, Chandler, Chase, Clibborn, Cody, Condotta, Conway, Cox, Crouse, Dammeier, Darneille, DeBolt, Dickerson, Driscoll, Dunshee, Eddy, Ericks, Ericksen, Finn, Flannigan, Goodman, Grant-Herriot, Green, Haigh, Haler, Hasegawa, Herrera, Hinkle, Hope, Hudgins, Hunt, Hunter, Hurst, Jacks, Johnson, Kagi, Kelley, Kenney, Kessler, Kirby, Klippert, Kretz, Kristiansen, Lias, Linville, Maxwell, McCoy, McCune, Miloscia, Moeller, Morrell, Morris, Nelson, O'Brien, Orcutt, Ormsby, Orwall, Parker, Pearson, Pedersen, Pettigrew, Priest, Probst, Quall, Roach, Roberts, Rodne, Rolfes, Ross, Santos, Schmick, Seaquist, Sells, Shea, Short, Simpson, Smith, Springer, Sullivan, Takko, Upthegrove, Van De Wege, Wallace, Walsh, Warnick, White, Williams, Wood and Mr. Speaker.

SUBSTITUTE HOUSE BILL NO. 1201, having received the necessary constitutional majority, was declared passed.

**HOUSE BILL NO. 1300, by Representatives Hurst, Dickerson, Pearson, Klippert, O'Brien and Smith**

**Accessing mental health information.**

The bill was read the second time.

There being no objection, Substitute House Bill No. 1300 was substituted for House Bill No. 1300 and the substitute bill was placed on the second reading calendar.

SUBSTITUTE HOUSE BILL NO. 1300 was read the second time.

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

Representatives Hurst and Dammeier spoke in favor of the passage of the bill.

The Speaker (Representative Morris presiding) stated the question before the House to be the final passage of Substitute House Bill No. 1300.

**ROLL CALL**

The Clerk called the roll on the final passage of Substitute House Bill No. 1300 and the bill passed the House by the following vote: Yeas, 97; Nays, 0; Absent, 0; Excused, 0.

Voting yea: Representatives Alexander, Anderson, Angel, Appleton, Armstrong, Bailey, Blake, Campbell, Carlyle, Chandler, Chase, Clibborn, Cody, Condotta, Conway, Cox, Crouse, Dammeier, Darneille, DeBolt, Dickerson, Driscoll, Dunshee, Eddy, Ericks, Ericksen, Finn, Flannigan, Goodman, Grant-Herriot, Green, Haigh, Hasegawa, Halder, Hasegawa, Herrera, Hinkle, Hope, Hudgins, Hunt, Hunter, Hurst, Jacks, Johnson, Kagi, Kelley, Kenney, Kessler, Kirby, Klippert, Kretz, Kristiansen, Liias, Linville, Maxwell, McCoy, McCune, Miloscia, Moeller, Morrell, Morris, Nelson, O'Brien, Orcutt, Ormsby, Orwall, Parker, Pearson, Pedersen, Pettigrew, Priest, Probst, Quall, Roach, Roberts, Rodne, Rolfes, Ross, Santos, Schmick, Seaquist, Sells, Shea, Short, Simpson, Smith, Springer, Sullivan, Takko, Upthegrove, Van De Wege, Wallace, Walsh, Warnick, White, Williams, Wood and Mr. Speaker.

SUBSTITUTE HOUSE BILL NO. 1300, having received the necessary constitutional majority, was declared passed.

**HOUSE BILL NO. 1347, by Representatives Santos, Roach, Morrell, Moeller, Chase and Roberts****Regarding financial education.**

The bill was read the second time.

There being no objection, Substitute House Bill No. 1347 was substituted for House Bill No. 1347 and the substitute bill was placed on the second reading calendar.

SUBSTITUTE HOUSE BILL NO. 1347 was read the second time.

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

Representatives Santos, Roach, Walsh and Priest spoke in favor of the passage of the bill.

Representative Alexander spoke against the passage of the bill.

The Speaker (Representative Morris presiding) stated the question before the House to be the final passage of Substitute House Bill No. 1347.

**ROLL CALL**

The Clerk called the roll on the final passage of Substitute House Bill No. 1347 and the bill passed the House by the following vote: Yeas, 78; Nays, 19; Absent, 0; Excused, 0.

Voting yea: Representatives Anderson, Appleton, Armstrong, Blake, Campbell, Carlyle, Chase, Clibborn, Cody, Condotta, Conway, Cox, Darneille, Dickerson, Driscoll, Dunshee, Eddy, Ericks, Finn, Flannigan, Goodman, Grant-Herriot, Green, Haigh, Hasegawa, Herrera, Hope, Hudgins, Hunt, Hunter, Hurst, Jacks, Kagi, Kelley, Kenney, Kessler, Kirby, Liias, Linville, Maxwell, McCoy, McCune, Miloscia, Moeller, Morrell, Morris, Nelson, O'Brien, Orcutt, Ormsby, Orwall, Parker, Pedersen, Pettigrew, Priest, Probst, Quall, Roach, Roberts, Rodne, Rolfes, Santos, Schmick, Seaquist, Sells, Short, Simpson, Springer, Sullivan, Takko, Upthegrove, Van De Wege, Wallace, Walsh, White, Williams, Wood and Mr. Speaker.

Voting nay: Representatives Alexander, Angel, Bailey, Chandler, Crouse, Dammeier, DeBolt, Ericksen, Halder, Hinkle, Johnson, Klippert, Kretz, Kristiansen, Pearson, Ross, Shea, Smith and Warnick.

SUBSTITUTE HOUSE BILL NO. 1347, having received the necessary constitutional majority, was declared passed.

**STATEMENT FOR THE JOURNAL**

I intended to vote YEA on SUBSTITUTE HOUSE BILL NO. 1347.

NORMA SMITH, 10th District

**SECOND READING****HOUSE BILL NO. 1349, by Representatives Green, Moeller, Dickerson, Cody and Kenney****Renewing orders for less restrictive treatment.**

The bill was read the second time.

There being no objection, Substitute House Bill No. 1349 was substituted for House Bill No. 1349 and the substitute bill was placed on the second reading calendar.

SUBSTITUTE HOUSE BILL NO. 1349 was read the second time.

Representative Green moved the adoption of amendment (047):

On page 4, line 2, after "necessary to" strike "reprove that element" and insert "~~((reprove that element))~~ prove such conduct again"

On page 4, line 33, after "necessary to" strike "reprove that element" and insert "prove such conduct again"

Representatives Green and Dammeier spoke in favor of the adoption of the amendment.

Amendment (047) was adopted. The bill was ordered engrossed.

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

Representative Green spoke in favor of the passage of the bill.

The Speaker (Representative Morris presiding) stated the question before the House to be the final passage of Engrossed Substitute House Bill No. 1349.

### ROLL CALL

The Clerk called the roll on the final passage of Engrossed Substitute House Bill No. 1349 and the bill passed the House by the following vote: Yeas, 97; Nays, 0; Absent, 0; Excused, 0.

Voting yea: Representatives Alexander, Anderson, Angel, Appleton, Armstrong, Bailey, Blake, Campbell, Carlyle, Chandler, Chase, Clibborn, Cody, Condotta, Conway, Cox, Crouse, Dammeier, Darneille, DeBolt, Dickerson, Driscoll, Dunshee, Eddy, Ericks, Ericksen, Finn, Flannigan, Goodman, Grant-Herriot, Green, Haigh, Haler, Hasegawa, Herrera, Hinkle, Hope, Hudgins, Hunt, Hunter, Hurst, Jacks, Johnson, Kagi, Kelley, Kenney, Kessler, Kirby, Klippert, Kretz, Kristiansen, Liias, Linville, Maxwell, McCoy, McCune, Miloscia, Moeller, Morrell, Morris, Nelson, O'Brien, Orcutt, Ormsby, Orwall, Parker, Pearson, Pedersen, Pettigrew, Priest, Probst, Quall, Roach, Roberts, Rodne, Rolfes, Ross, Santos, Schmick, Seaquist, Sells, Shea, Short, Simpson, Smith, Springer, Sullivan, Takko, Upthegrove, Van De Wege, Wallace, Walsh, Warnick, White, Williams, Wood and Mr. Speaker.

ENGROSSED SUBSTITUTE HOUSE BILL NO. 1349, having received the necessary constitutional majority, was declared passed.

### HOUSE BILL NO. 1413, by Representatives McCoy, Nelson, Quall and Blake

#### Concerning water discharge fees.

The bill was read the second time.

There being no objection, Substitute House Bill No. 1413 was substituted for House Bill No. 1413 and the substitute bill was placed on the second reading calendar.

SUBSTITUTE HOUSE BILL NO. 1413 was read the second time.

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

Representatives McCoy and Nelson spoke in favor of the passage of the bill.

Representatives Ericksen, Herrera, Hinkle and Klippert spoke against the passage of the bill.

The Speaker (Representative Morris presiding) stated the question before the House to be the final passage of Substitute House Bill No. 1413.

### ROLL CALL

The Clerk called the roll on the final passage of Substitute House Bill No. 1413 and the bill passed the House by the following vote: Yeas, 59; Nays, 38; Absent, 0; Excused, 0.

Voting yea: Representatives Appleton, Blake, Campbell, Carlyle, Chase, Clibborn, Cody, Conway, Darneille, Dickerson, Dunshee, Eddy, Ericks, Finn, Flannigan, Goodman, Green, Haigh, Hasegawa, Hudgins, Hunt, Hunter, Hurst, Jacks, Kagi, Kenney, Kessler, Kirby, Liias, Linville, Maxwell, McCoy, Miloscia, Moeller, Morrell, Morris, Nelson, Ormsby, Orwall, Pedersen, Pettigrew, Priest, Quall, Roberts, Rolfes, Santos, Seaquist, Sells, Simpson, Springer, Sullivan, Takko, Upthegrove, Van De Wege, Wallace, White, Williams, Wood and Mr. Speaker.

Voting nay: Representatives Alexander, Anderson, Angel, Armstrong, Bailey, Chandler, Condotta, Cox, Crouse, Dammeier, DeBolt, Driscoll, Ericksen, Grant-Herriot, Haler, Herrera, Hinkle, Hope, Johnson, Kelley, Klippert, Kretz, Kristiansen, McCune, O'Brien, Orcutt, Parker, Pearson, Probst, Roach, Rodne, Ross, Schmick, Shea, Short, Smith, Walsh and Warnick.

SUBSTITUTE HOUSE BILL NO. 1413, having received the necessary constitutional majority, was declared passed.

### HOUSE BILL NO. 1514, by Representatives Green, Hinkle, Cody and Morrell

#### Regarding counseling professions subject to the authority of the secretary of health.

The bill was read the second time.

There being no objection, Substitute House Bill No. 1514 was substituted for House Bill No. 1514 and the substitute bill was placed on the second reading calendar.

SUBSTITUTE HOUSE BILL NO. 1514 was read the second time.

Representative Bailey moved the adoption of amendment (231):

On page 6, beginning on line 25, strike all of section 3  
Renummer the remaining section consecutively.  
Correct the title.

Representatives Bailey and Green spoke in favor of the adoption of the amendment.

Amendment (231) was adopted. The bill was ordered engrossed.

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

Representatives Green and Hinkle spoke in favor of the passage of the bill.

The Speaker (Representative Morris presiding) stated the question before the House to be the final passage of Engrossed Substitute House Bill No. 1514.

### ROLL CALL

The Clerk called the roll on the final passage of Engrossed Substitute House Bill No. 1514 and the bill passed the House by the following vote: Yeas, 97; Nays, 0; Absent, 0; Excused, 0.

Voting yea: Representatives Alexander, Anderson, Angel, Appleton, Armstrong, Bailey, Blake, Campbell, Carlyle, Chandler, Chase, Clibborn, Cody, Condotta, Conway, Cox, Crouse, Dammeier, Darneille, DeBolt, Dickerson, Driscoll, Dunshee, Eddy, Ericks, Ericksen, Finn, Flannigan, Goodman, Grant-Herriot, Green, Haigh, Haler, Hasegawa, Herrera, Hinkle, Hope, Hudgins, Hunt, Hunter, Hurst, Jacks, Johnson, Kagi, Kelley, Kenney, Kessler, Kirby, Klippert, Kretz, Kristiansen, Liias, Linville, Maxwell, McCoy, McCune, Miloscia, Moeller, Morrell, Morris, Nelson, O'Brien, Orcutt, Ormsby, Orwall, Parker, Pearson, Pedersen, Pettigrew, Priest, Probst, Quall, Roach, Roberts, Rodne, Rolfes, Ross, Santos, Schmick, Seaquist, Sells, Shea, Short, Simpson, Smith, Springer, Sullivan, Takko, Upthegrove, Van De Wege, Wallace, Walsh, Warnick, White, Williams, Wood and Mr. Speaker.

ENGROSSED SUBSTITUTE HOUSE BILL NO. 1514, having received the necessary constitutional majority, was declared passed.

**HOUSE BILL NO. 1572, by Representatives Hunt, Liias, Appleton, Miloscia and Williams**

#### Adopting all mail voting.

The bill was read the second time.

There being no objection, Substitute House Bill No. 1572 was substituted for House Bill No. 1572 and the substitute bill was placed on the second reading calendar.

SUBSTITUTE HOUSE BILL NO. 1572 was read the second time.

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

Representatives Hunt, Appleton, Flannigan and Green spoke in favor of the passage of the bill.

Representatives Armstrong, Campbell, Kretz, Dammeier, McCune and Roach spoke against the passage of the bill.

The Speaker (Representative Morris presiding) stated the question before the House to be the final passage of Substitute House Bill No. 1572.

### ROLL CALL

The Clerk called the roll on the final passage of Substitute House Bill No. 1572 and the bill passed the House by the following vote: Yeas, 54; Nays, 43; Absent, 0; Excused, 0.

Voting yea: Representatives Appleton, Blake, Carlyle, Chase, Clibborn, Cody, Darneille, Dickerson, Driscoll, Dunshee, Eddy, Ericks, Flannigan, Goodman, Grant-Herriot, Green, Haigh, Hudgins,

Hunt, Hunter, Jacks, Kagi, Kenney, Kessler, Liias, Linville, Maxwell, McCoy, Miloscia, Moeller, Morris, Nelson, Ormsby, Orwall, Pedersen, Pettigrew, Probst, Quall, Roberts, Rolfes, Santos, Seaquist, Sells, Simpson, Springer, Sullivan, Takko, Upthegrove, Van De Wege, Wallace, White, Williams, Wood and Mr. Speaker.

Voting nay: Representatives Alexander, Anderson, Angel, Armstrong, Bailey, Campbell, Chandler, Condotta, Conway, Cox, Crouse, Dammeier, DeBolt, Ericksen, Finn, Haler, Hasegawa, Herrera, Hinkle, Hope, Hurst, Johnson, Kelley, Kirby, Klippert, Kretz, Kristiansen, McCune, Morrell, O'Brien, Orcutt, Parker, Pearson, Priest, Roach, Rodne, Ross, Schmick, Shea, Short, Smith, Walsh and Warnick.

SUBSTITUTE HOUSE BILL NO. 1572, having received the necessary constitutional majority, was declared passed.

**HOUSE BILL NO. 1579, by Representatives Appleton, Hasegawa and Nelson**

**Concerning a business and occupation tax exemption for nonprofit organizations that provide legal services to low-income individuals.**

The bill was read the second time.

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

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

Representative Ericksen spoke against the passage of the bill.

The Speaker (Representative Morris presiding) stated the question before the House to be the final passage of House Bill No. 1579.

### ROLL CALL

The Clerk called the roll on the final passage of House Bill No. 1579 and the bill passed the House by the following vote: Yeas, 62; Nays, 35; Absent, 0; Excused, 0.

Voting yea: Representatives Appleton, Armstrong, Blake, Campbell, Carlyle, Chase, Clibborn, Cody, Conway, Dammeier, Darneille, Dickerson, Dunshee, Eddy, Ericks, Finn, Goodman, Grant-Herriot, Green, Haigh, Hasegawa, Hudgins, Hunt, Hunter, Hurst, Jacks, Kagi, Kelley, Kenney, Kessler, Kirby, Liias, Linville, Maxwell, McCoy, Miloscia, Moeller, Morrell, Morris, Nelson, Ormsby, Orwall, Pedersen, Pettigrew, Quall, Roberts, Rodne, Rolfes, Santos, Seaquist, Sells, Simpson, Springer, Sullivan, Takko, Upthegrove, Van De Wege, Wallace, White, Williams, Wood and Mr. Speaker.

Voting nay: Representatives Alexander, Anderson, Angel, Bailey, Chandler, Condotta, Cox, Crouse, DeBolt, Driscoll, Ericksen, Flannigan, Haler, Herrera, Hinkle, Hope, Johnson, Klippert, Kretz, Kristiansen, McCune, O'Brien, Orcutt, Parker, Pearson, Priest, Probst, Roach, Ross, Schmick, Shea, Short, Smith, Walsh and Warnick.

HOUSE BILL NO. 1579, having received the necessary constitutional majority, was declared passed.

**HOUSE BILL NO. 1621, by Representatives Kirby, Bailey, Rodne, Nelson, Simpson and Moeller**

**Regulating the business practices of consumer loan companies for compliance with the secure and fair enforcement for mortgage licensing act of 2008.**

The bill was read the second time.

There being no objection, Substitute House Bill No. 1621 was substituted for House Bill No. 1621 and the substitute bill was placed on the second reading calendar.

SUBSTITUTE HOUSE BILL NO. 1621 was read the second time.

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

Representatives Kirby and Bailey spoke in favor of the passage of the bill.

The Speaker (Representative Morris presiding) stated the question before the House to be the final passage of Substitute House Bill No. 1621.

**ROLL CALL**

The Clerk called the roll on the final passage of Substitute House Bill No. 1621 and the bill passed the House by the following vote: Yeas, 97; Nays, 0; Absent, 0; Excused, 0.

Voting yea: Representatives Alexander, Anderson, Angel, Appleton, Armstrong, Bailey, Blake, Campbell, Carlyle, Chandler, Chase, Clibborn, Cody, Condotta, Conway, Cox, Crouse, Dammeier, Darneille, DeBolt, Dickerson, Driscoll, Dunshee, Eddy, Ericks, Ericksen, Finn, Flannigan, Goodman, Grant-Herriot, Green, Haigh, Haler, Hasegawa, Herrera, Hinkle, Hope, Hudgins, Hunt, Hunter, Hurst, Jacks, Johnson, Kagi, Kelley, Kenney, Kessler, Kirby, Klippert, Kretz, Kristiansen, Liias, Linville, Maxwell, McCoy, McCune, Miloscia, Moeller, Morrell, Morris, Nelson, O'Brien, Orcutt, Ormsby, Orwall, Parker, Pearson, Pedersen, Pettigrew, Priest, Probst, Quall, Roach, Roberts, Rodne, Rolfes, Ross, Santos, Schmick, Seaquist, Sells, Shea, Short, Simpson, Smith, Springer, Sullivan, Takko, Upthegrove, Van De Wege, Wallace, Walsh, Warnick, White, Williams, Wood and Mr. Speaker.

SUBSTITUTE HOUSE BILL NO. 1621, having received the necessary constitutional majority, was declared passed.

**HOUSE BILL NO. 1961, by Representatives Roberts, Haler, Pettigrew, Kagi, Carlyle, Pedersen and Wood**

**Implementing the federal fostering connections to success and increasing adoptions act of 2008.**

The bill was read the second time.

There being no objection, Second Substitute House Bill No. 1961 was substituted for House Bill No. 1961 and the second substitute bill was placed on the second reading calendar.

SECOND SUBSTITUTE HOUSE BILL NO. 1961 was read the second time.

Representative Roberts moved the adoption of amendment (237):

On page 4, line 33, after "(11)(a)" strike "Have" and insert "Within amounts appropriated for this specific purpose, have"

On page 5, line 8, after "(12)" strike "Have" and insert "Within amounts appropriated for this specific purpose, have"

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

Amendment (237) was adopted. The bill was ordered engrossed.

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

Representatives Roberts, Kagi, Angel, and Goodman spoke in favor of the passage of the bill.

Representatives Alexander, Klippert and Hinkle spoke against the passage of the bill.

The Speaker (Representative Morris presiding) stated the question before the House to be the final passage of Engrossed Second Substitute House Bill No. 1961.

**ROLL CALL**

The Clerk called the roll on the final passage of Engrossed Second Substitute House Bill No. 1961 and the bill passed the House by the following vote: Yeas, 75; Nays, 22; Absent, 0; Excused, 0.

Voting yea: Representatives Angel, Appleton, Blake, Campbell, Carlyle, Chase, Clibborn, Cody, Conway, Cox, Darneille, Dickerson, Driscoll, Dunshee, Eddy, Ericks, Finn, Flannigan, Goodman, Grant-Herriot, Green, Haigh, Haler, Hasegawa, Herrera, Hope, Hudgins, Hunt, Hunter, Hurst, Jacks, Johnson, Kagi, Kelley, Kenney, Kessler, Kirby, Liias, Linville, Maxwell, McCoy, McCune, Miloscia, Moeller, Morrell, Morris, Nelson, O'Brien, Orcutt, Ormsby, Orwall, Pedersen, Pettigrew, Priest, Probst, Quall, Roach, Roberts, Rolfes, Santos, Seaquist, Sells, Simpson, Smith, Springer, Sullivan, Takko, Upthegrove, Van De Wege, Wallace, Walsh, White, Williams, Wood and Mr. Speaker.

Voting nay: Representatives Alexander, Anderson, Armstrong, Bailey, Chandler, Condotta, Crouse, Dammeier, DeBolt, Ericksen, Hinkle, Klippert, Kretz, Kristiansen, Parker, Pearson, Rodne, Ross, Schmick, Shea, Short and Warnick.

ENGROSSED SECOND SUBSTITUTE HOUSE BILL NO. 1961, having received the necessary constitutional majority, was declared passed.

**HOUSE BILL NO. 2106, by Representatives Kagi, Roberts, Kenney and Morrell**

**Improving child welfare outcomes through the phased implementation of strategic and proven reforms.**

The bill was read the second time.

There being no objection, Second Substitute House Bill No. 2106 was substituted for House Bill No. 2106 and the second substitute bill was placed on the second reading calendar.

SECOND SUBSTITUTE HOUSE BILL NO. 2106 was read the second time.

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

Representatives Kagi, Alexander and Haler spoke in favor of the passage of the bill.

The Speaker (Representative Morris presiding) stated the question before the House to be the final passage of Second Substitute House Bill No. 2106.

#### ROLL CALL

The Clerk called the roll on the final passage of Second Substitute House Bill No. 2106 and the bill passed the House by the following vote: Yeas, 97; Nays, 0; Absent, 0; Excused, 0.

Voting yea: Representatives Alexander, Anderson, Angel, Appleton, Armstrong, Bailey, Blake, Campbell, Carlyle, Chandler, Chase, Clibborn, Cody, Condotta, Conway, Cox, Crouse, Dammeier, Darneille, DeBolt, Dickerson, Driscoll, Dunshee, Eddy, Ericks, Ericksen, Finn, Flannigan, Goodman, Grant-Herriot, Green, Haigh, Haler, Hasegawa, Herrera, Hinkle, Hope, Hudgins, Hunt, Hunter, Hurst, Jacks, Johnson, Kagi, Kelley, Kenney, Kessler, Kirby, Klippert, Kretz, Kristiansen, Liias, Linville, Maxwell, McCoy, McCune, Miloscia, Moeller, Morrell, Morris, Nelson, O'Brien, Orcutt, Ormsby, Orwall, Parker, Pearson, Pedersen, Pettigrew, Priest, Probst, Quall, Roach, Roberts, Rodne, Rolfes, Ross, Santos, Schmick, Seaquist, Sells, Shea, Short, Simpson, Smith, Springer, Sullivan, Takko, Upthegrove, Van De Wege, Wallace, Walsh, Warnick, White, Williams, Wood and Mr. Speaker.

SECOND SUBSTITUTE HOUSE BILL NO. 2106, having received the necessary constitutional majority, was declared passed.

#### HOUSE BILL NO. 2113, by Representatives Kagi, Chase, Quall and Morrell

##### Regarding placements of students in residential habilitation centers.

The bill was read the second time.

There being no objection, Second Substitute House Bill No. 2113 was substituted for House Bill No. 2113 and the second substitute bill was placed on the second reading calendar.

SECOND SUBSTITUTE HOUSE BILL NO. 2113 was read the second time.

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

Representatives Kagi and Priest spoke in favor of the passage of the bill.

The Speaker (Representative Morris presiding) stated the question before the House to be the final passage of Second Substitute House Bill No. 2113.

#### ROLL CALL

The Clerk called the roll on the final passage of Second Substitute House Bill No. 2113 and the bill passed the House by the following vote: Yeas, 97; Nays, 0; Absent, 0; Excused, 0.

Voting yea: Representatives Alexander, Anderson, Angel, Appleton, Armstrong, Bailey, Blake, Campbell, Carlyle, Chandler, Chase, Clibborn, Cody, Condotta, Conway, Cox, Crouse, Dammeier, Darneille, DeBolt, Dickerson, Driscoll, Dunshee, Eddy, Ericks, Ericksen, Finn, Flannigan, Goodman, Grant-Herriot, Green, Haigh, Haler, Hasegawa, Herrera, Hinkle, Hope, Hudgins, Hunt, Hunter, Hurst, Jacks, Johnson, Kagi, Kelley, Kenney, Kessler, Kirby, Klippert, Kretz, Kristiansen, Liias, Linville, Maxwell, McCoy, McCune, Miloscia, Moeller, Morrell, Morris, Nelson, O'Brien, Orcutt, Ormsby, Orwall, Parker, Pearson, Pedersen, Pettigrew, Priest, Probst, Quall, Roach, Roberts, Rodne, Rolfes, Ross, Santos, Schmick, Seaquist, Sells, Shea, Short, Simpson, Smith, Springer, Sullivan, Takko, Upthegrove, Van De Wege, Wallace, Walsh, Warnick, White, Williams, Wood and Mr. Speaker.

SECOND SUBSTITUTE HOUSE BILL NO. 2113, having received the necessary constitutional majority, was declared passed.

#### HOUSE BILL NO. 2130, by Representatives Probst, Jacks, Morris, Morrell, Kenney, Conway and Ormsby

##### Concerning tax incentives for renewable energy manufacturing facilities.

The bill was read the second time.

There being no objection, Second Substitute House Bill No. 2130 was substituted for House Bill No. 2130 and the second substitute bill was placed on the second reading calendar.

SECOND SUBSTITUTE HOUSE BILL NO. 2130 was read the second time.

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

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

The Speaker (Representative Morris presiding) stated the question before the House to be the final passage of Second Substitute House Bill No. 2130.

#### ROLL CALL

The Clerk called the roll on the final passage of Second Substitute House Bill No. 2130 and the bill passed the House by the following vote: Yeas, 97; Nays, 0; Absent, 0; Excused, 0.

Voting yea: Representatives Alexander, Anderson, Angel, Appleton, Armstrong, Bailey, Blake, Campbell, Carlyle, Chandler, Chase, Clibborn, Cody, Condotta, Conway, Cox, Crouse, Dammeier, Darneille, DeBolt, Dickerson, Driscoll, Dunshee, Eddy, Ericks, Ericksen, Finn, Flannigan, Goodman, Grant-Herriot, Green, Haigh,

Haler, Hasegawa, Herrera, Hinkle, Hope, Hudgins, Hunt, Hunter, Hurst, Jacks, Johnson, Kagi, Kelley, Kenney, Kessler, Kirby, Klippert, Kretz, Kristiansen, Liias, Linville, Maxwell, McCoy, McCune, Miloscia, Moeller, Morrell, Morris, Nelson, O'Brien, Orcutt, Ormsby, Orwall, Parker, Pearson, Pedersen, Pettigrew, Priest, Probst, Quall, Roach, Roberts, Rodne, Rolfes, Ross, Santos, Schmick, Seaquist, Sells, Shea, Short, Simpson, Smith, Springer, Sullivan, Takko, Upthegrove, Van De Wege, Wallace, Walsh, Warnick, White, Williams, Wood and Mr. Speaker.

SECOND SUBSTITUTE HOUSE BILL NO. 2130, having received the necessary constitutional majority, was declared passed.

**HOUSE BILL NO. 2167, by Representatives Maxwell, Priest, Green, Quall, Moeller, White, Orwall, Sullivan, Van De Wege, Liias and Probst**

**Providing flexibility in the education system.**

The bill was read the second time.

There being no objection, Second Substitute House Bill No. 2167 was substituted for House Bill No. 2167 and the second substitute bill was placed on the second reading calendar.

SECOND SUBSTITUTE HOUSE BILL NO. 2167 was read the second time.

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

Representatives Wallace, Dammeier and Cox spoke in favor of the passage of the bill.

The Speaker (Representative Morris presiding) stated the question before the House to be the final passage of Second Substitute House Bill No. 2167.

**ROLL CALL**

The Clerk called the roll on the final passage of Second Substitute House Bill No. 2167 and the bill passed the House by the following vote: Yeas, 96; Nays, 1; Absent, 0; Excused, 0.

Voting yea: Representatives Alexander, Anderson, Angel, Appleton, Armstrong, Bailey, Blake, Campbell, Carlyle, Chandler, Chase, Clibborn, Cody, Condotta, Conway, Cox, Crouse, Dammeier, Darneille, DeBolt, Dickerson, Driscoll, Dunshee, Eddy, Ericks, Ericksen, Finn, Flannigan, Goodman, Grant-Herriot, Green, Haigh, Haler, Herrera, Hinkle, Hope, Hudgins, Hunt, Hunter, Hurst, Jacks, Johnson, Kagi, Kelley, Kenney, Kessler, Kirby, Klippert, Kretz, Kristiansen, Liias, Linville, Maxwell, McCoy, McCune, Miloscia, Moeller, Morrell, Morris, Nelson, O'Brien, Orcutt, Ormsby, Orwall, Parker, Pearson, Pedersen, Pettigrew, Priest, Probst, Quall, Roach, Roberts, Rodne, Rolfes, Ross, Santos, Schmick, Seaquist, Sells, Shea, Short, Simpson, Smith, Springer, Sullivan, Takko, Upthegrove, Van De Wege, Wallace, Walsh, Warnick, White, Williams, Wood and Mr. Speaker.

Voting nay: Representative Hasegawa.

SECOND SUBSTITUTE HOUSE BILL NO. 2167, having received the necessary constitutional majority, was declared passed.

**HOUSE BILL NO. 1669, by Representatives Hunt, Hasegawa, Appleton, Miloscia, Warnick, Kirby, Williams and Ormsby**

**Addressing the deposit of public funds.**

The bill was read the second time.

There being no objection, Substitute House Bill No. 1669 was substituted for House Bill No. 1669 and the substitute bill was placed on the second reading calendar.

SUBSTITUTE HOUSE BILL NO. 1669 was read the second time.

With the consent of the House, amendment (092) was withdrawn.

Representative Simpson moved the adoption of amendment (117):

On page 6, after line 13, insert the following:

**"NEW SECTION. Sec. 7.** A new section is added to chapter 39.58 RCW to read as follows:

A credit union approved as a public depository by the commission may not accept funds in excess of the deposit insurance limits of the insurance required under RCW 31.12.408."

Renumber the remaining sections consecutively and correct any internal references accordingly.

Correct the title.

Representatives Simpson and Bailey spoke in favor of the adoption of the amendment.

Amendment (117) was adopted. The bill was ordered engrossed.

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

Representative Hunt spoke in favor of the passage of the bill.

Representative Bailey spoke against the passage of the bill.

The Speaker (Representative Morris presiding) stated the question before the House to be the final passage of Engrossed Substitute House Bill No. 1669.

**ROLL CALL**

The Clerk called the roll on the final passage of Engrossed Substitute House Bill No. 1669 and the bill passed the House by the following vote: Yeas, 58; Nays, 39; Absent, 0; Excused, 0.

Voting yea: Representatives Anderson, Appleton, Blake, Campbell, Chase, Clibborn, Cody, Conway, Crouse, Darneille, Dickerson, Driscoll, Dunshee, Eddy, Ericks, Flannigan, Goodman, Green, Haigh, Hasegawa, Herrera, Hudgins, Hunt, Jacks, Kenney, Kessler, Kirby, Linville, Maxwell, McCoy, Miloscia, Moeller, Morrell, Morris, Nelson, O'Brien, Orcutt, Ormsby, Orwall, Pedersen, Pettigrew, Priest, Probst, Quall, Roberts, Santos, Seaquist, Shea, Simpson, Sullivan, Takko, Upthegrove, Van De Wege, Wallace, Warnick, Williams, Wood and Mr. Speaker.

Voting nay: Representatives Alexander, Angel, Armstrong, Bailey, Carlyle, Chandler, Condotta, Cox, Dammeier, DeBolt, Ericksen, Finn, Grant-Herriot, Haler, Hinkle, Hope, Hunter, Hurst, Johnson, Kagi, Kelley, Klippert, Kretz, Kristiansen, Lias, McCune, Parker, Pearson, Roach, Rodne, Rolfes, Ross, Schmick, Sells, Short, Smith, Springer, Walsh and White.

ENGROSSED SUBSTITUTE HOUSE BILL NO. 1669, having received the necessary constitutional majority, was declared passed.

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

**REPORTS OF STANDING COMMITTEES**

March 9, 2009

HB 2261 Prime Sponsor, Representative Sullivan: Concerning the state's education system. Reported by Committee on Ways & Means

MAJORITY recommendation: The substitute bill by Committee on Education Appropriations be substituted therefor and the substitute bill do pass. Signed by Representatives Linville, Chair; Ericks, Vice Chair; Dammeier, Assistant Ranking Minority Member; Cody; Darneille; Haigh; Hunt; Hunter; Kagi; Kenney; Pettigrew; Priest; Seaquist and Sullivan.

MINORITY recommendation: Do not pass. Signed by Representatives Alexander, Ranking Minority Member; Bailey, Assistant Ranking Minority Member; Chandler; Conway; Kessler; Ross and Schmick.

March 9, 2009

SB 5348 Prime Sponsor, Senator Swecker: Removing references to mitigation banking project eligibility for moneys in the habitat conservation account and the riparian protection account. Reported by Committee on Capital Budget

MAJORITY recommendation: Do pass. Signed by Representatives Dunshee, Chair; Ormsby, Vice Chair; Warnick, Ranking Minority Member; Pearson, Assistant Ranking Minority Member; Anderson; Blake; Chase; Grant-Herriot; Hope; Jacks; Maxwell; McCune; Orwall; Smith and White.

Passed to Committee on Rules for second reading.

There being no objection, the bills listed on the day's committee reports under the fifth order of business were referred to the committees so designated with the exception of HOUSE BILL NO. 2261 which was placed on the second reading calendar.

**SUPPLEMENTAL REPORTS OF STANDING COMMITTEES**

March 9, 2009

HB 2119 Prime Sponsor, Representative Wallace: Expanding dual credit opportunities. Reported by Committee on Ways & Means

MAJORITY recommendation: The second substitute bill be substituted therefor and the second substitute bill do pass and do not pass the substitute bill by Committee on Education. Signed by Representatives Linville, Chair; Ericks, Vice Chair; Bailey,

Assistant Ranking Minority Member; Dammeier, Assistant Ranking Minority Member; Cody; Conway; Darneille; Haigh; Hunt; Hunter; Kagi; Kenney; Kessler; Pettigrew; Priest; Ross; Schmick; Seaquist and Sullivan.

MINORITY recommendation: Do not pass. Signed by Representatives Alexander, Ranking Minority Member and Chandler.

There being no objection, HOUSE BILL NO. 2119 was placed on the second reading calendar.

The Speaker (Representative Morris presiding) called upon Representative Moeller to preside.

**SECOND READING**

**HOUSE BILL NO. 1883, by Representatives Morris and Quall**

**Creating regulatory restrictions applicable to metropolitan park districts.**

The bill was read the second time.

There being no objection, Substitute House Bill No. 1883 was substituted for House Bill No. 1883 and the substitute bill was placed on the second reading calendar.

SUBSTITUTE HOUSE BILL NO. 1883 was read the second time.

Representative Morris moved the adoption of amendment (146):

On page 1, beginning on line 11 of the striking amendment, strike all of subsection (2)

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

On page 3, beginning on line 7 of the striking amendment, strike all of section 3

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

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

Representative Angel spoke against the adoption of the amendment.

Amendment (146 ) was adopted. The bill was ordered engrossed.

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

Representative Morris spoke in favor of the passage of the bill.

Representative Angel spoke against the passage of the bill.

The Speaker (Representative Moeller presiding) stated the question before the House to be the final passage of Engrossed Substitute House Bill No. 1883.

**MOTIONS**

On motion of Representative Santos, Representative Flannigan was excused. On motion of Representative Hinkle, Representative Shea was excused.

**ROLL CALL**

The Clerk called the roll on the final passage of Engrossed Substitute House Bill No. 1883 and the bill passed the House by the following vote: Yeas, 59; Nays, 36; Absent, 0; Excused, 2.

Voting yea: Representatives Appleton, Bailey, Blake, Campbell, Carlyle, Chase, Clibborn, Cody, Conway, Darneille, Dickerson, Driscoll, Dunshee, Eddy, Ericks, Ericksen, Goodman, Green, Haigh, Hasegawa, Hudgins, Hunt, Hunter, Jacks, Kagi, Kenney, Kessler, Kirby, Liias, Linville, Maxwell, McCoy, Miloscia, Moeller, Morrell, Morris, Nelson, O'Brien, Ormsby, Orwall, Pedersen, Pettigrew, Quall, Roberts, Rolfes, Santos, Seaquist, Sells, Simpson, Smith, Springer, Sullivan, Takko, Upthegrove, Van De Wege, White, Williams, Wood and Mr. Speaker.

Voting nay: Representatives Alexander, Anderson, Angel, Armstrong, Chandler, Condotta, Cox, Crouse, Dammeier, DeBolt, Finn, Grant-Herriot, Haler, Herrera, Hinkle, Hope, Hurst, Johnson, Kelley, Klippert, Kretz, Kristiansen, McCune, Orcutt, Parker, Pearson, Priest, Probst, Roach, Rodne, Ross, Schmick, Short, Wallace, Walsh and Warnick.

Excused: Representatives Flannigan and Shea.

ENGROSSED SUBSTITUTE HOUSE BILL NO. 1883, having received the necessary constitutional majority, was declared passed.

**HOUSE BILL NO. 1889, by Representatives Sullivan, Priest, Ormsby, Santos and Simpson**

**Regarding paraeducator tutor certification.**

The bill was read the second time.

There being no objection, Substitute House Bill No. 1889 was substituted for House Bill No. 1889 and the substitute bill was placed on the second reading calendar.

SUBSTITUTE HOUSE BILL NO. 1889 was read the second time.

Representative Sullivan moved the adoption of amendment (140):

On page 2, beginning on line 6, after "shall" strike all material through "Develop" on line 7 and insert "develop"

On page 2, beginning on line 8, after "requirements" strike all material through "(4)" on line 19 and insert "

(3)"

Representatives Sullivan and Priest spoke in favor of the adoption of the amendment.

Amendment (140) was adopted. The bill was ordered engrossed.

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

Representatives Sullivan and Priest spoke in favor of the passage of the bill.

The Speaker (Representative Moeller presiding) stated the question before the House to be the final passage of Engrossed Substitute House Bill No. 1889.

**ROLL CALL**

The Clerk called the roll on the final passage of Engrossed Substitute House Bill No. 1889 and the bill passed the House by the following vote: Yeas, 95; Nays, 0; Absent, 0; Excused, 2.

Voting yea: Representatives Alexander, Anderson, Angel, Appleton, Armstrong, Bailey, Blake, Campbell, Carlyle, Chandler, Chase, Clibborn, Cody, Condotta, Conway, Cox, Crouse, Dammeier, Darneille, DeBolt, Dickerson, Driscoll, Dunshee, Eddy, Ericks, Ericksen, Finn, Goodman, Grant-Herriot, Green, Haigh, Haler, Hasegawa, Herrera, Hinkle, Hope, Hudgins, Hunt, Hunter, Hurst, Jacks, Johnson, Kagi, Kelley, Kenney, Kessler, Kirby, Klippert, Kretz, Kristiansen, Liias, Linville, Maxwell, McCoy, McCune, Miloscia, Moeller, Morrell, Morris, Nelson, O'Brien, Orcutt, Ormsby, Orwall, Parker, Pearson, Pedersen, Pettigrew, Priest, Probst, Quall, Roach, Roberts, Rodne, Rolfes, Ross, Santos, Schmick, Seaquist, Sells, Short, Simpson, Smith, Springer, Sullivan, Takko, Upthegrove, Van De Wege, Wallace, Walsh, Warnick, White, Williams, Wood and Mr. Speaker.

Excused: Representatives Flannigan and Shea.

ENGROSSED SUBSTITUTE HOUSE BILL NO. 1889, having received the necessary constitutional majority, was declared passed.

**HOUSE BILL NO. 1986, by Representatives Hasegawa, Anderson, Wallace, White and Sells**

**Authorizing a peer mentoring pilot program at Western Washington University and a community or technical college.**

The bill was read the second time. There being no objection, the committee amendment Higher Education was adopted. (For committee amendment, see Journal, Day 22, February 2, 2009.)

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

Representatives Hasegawa and Anderson spoke in favor of the passage of the bill.

The Speaker (Representative Moeller presiding) stated the question before the House to be the final passage of Engrossed House Bill No. 1986.

**ROLL CALL**

The Clerk called the roll on the final passage of Engrossed House Bill No. 1986 and the bill passed the House by the following vote: Yeas, 95; Nays, 0; Absent, 0; Excused, 2.

Voting yea: Representatives Alexander, Anderson, Angel, Appleton, Armstrong, Bailey, Blake, Campbell, Carlyle, Chandler, Chase, Clibborn, Cody, Condotta, Conway, Cox, Crouse, Dammeier,

Darneille, DeBolt, Dickerson, Driscoll, Dunshee, Eddy, Ericks, Ericksen, Finn, Goodman, Grant-Herriot, Green, Haigh, Haler, Hasegawa, Herrera, Hinkle, Hope, Hudgins, Hunt, Hunter, Hurst, Jacks, Johnson, Kagi, Kelley, Kenney, Kessler, Kirby, Klippert, Kretz, Kristiansen, Liias, Linville, Maxwell, McCoy, McCune, Miloscia, Moeller, Morrell, Morris, Nelson, O'Brien, Orcutt, Ormsby, Orwall, Parker, Pearson, Pedersen, Pettigrew, Priest, Probst, Quall, Roach, Roberts, Rodne, Rolfes, Ross, Santos, Schmick, Seaquist, Sells, Short, Simpson, Smith, Springer, Sullivan, Takko, Upthegrove, Van De Wege, Wallace, Walsh, Warnick, White, Williams, Wood and Mr. Speaker.

Excused: Representatives Flannigan and Shea.

ENGROSSED HOUSE BILL NO. 1986, having received the necessary constitutional majority, was declared passed.

**HOUSE BILL NO. 1007, by Representatives Morris, Chase, Morrell, Liias, Anderson, Upthegrove, Seaquist, Hudgins and Moeller**

**Creating a sustainable energy trust.**

The bill was read the second time.

There being no objection, Second Substitute House Bill No. 1007 was substituted for House Bill No. 1007 and the second substitute bill was placed on the second reading calendar.

SECOND SUBSTITUTE HOUSE BILL NO. 1007 was read the second time.

Representative Morris moved the adoption of amendment (163):

Strike everything after the enacting clause and insert the following:

**"NEW SECTION. Sec. 1.** The legislature intends to promote the development of renewable energy technologies and the application of energy efficiency measures by authorizing the issuance of revenue bonds to finance renewable energy and energy efficiency improvement costs. The legislature finds that by providing access to low-cost capital to finance renewable energy and energy efficiency projects, a key barrier is eliminated.

**Sec. 2.** RCW 43.180.020 and 1990 c 167 s 1 are each amended to read as follows:

~~((Unless the context clearly requires otherwise,))~~ The definitions in this section apply throughout this chapter unless the context clearly requires otherwise.

(1) "Bonds" means the bonds, notes, or other evidences of indebtedness of the commission, the interest paid on which may or may not qualify for tax exemption.

(2) "Certifying authority" means: (a) For improvements involving solar electric systems, the Washington climate and rural energy development center at Washington State University, established under RCW 28B.30.642; or (b) for all other energy efficiency and renewable energy improvements, any utility company or other institution qualified to assess and certify the feasibility and benefit of energy efficiency and renewable energy improvements in a manner that is efficient and minimizes the amount of time or cost.

(3) "Code" means the federal internal revenue code of 1954, as now or hereafter amended, and the regulations and rulings promulgated thereunder.

~~((3))~~ (4) "Commission" means the Washington state housing finance commission or any board, body, commission, department, or officer succeeding to the principal functions thereof or to whom the powers conferred upon the commission shall be given by law.

~~((4))~~ (5) "Costs of housing" means all costs related to the development, design, acquisition, construction, reconstruction, leasing, rehabilitation, and other improvements of housing, as determined by the commission.

~~((5))~~ (6) "Eligible applicant" means, with respect to the sustainable energy trust program, an owner of a residential, agricultural, commercial, state, or municipal property.

(7) "Eligible person" means a person or family eligible in accordance with standards promulgated by the commission. Such persons shall include those persons whose income is insufficient to obtain at a reasonable cost, without financial assistance, decent, safe, and sanitary housing in the area in which the person or family resides, and may include such other persons whom the commission determines to be eligible.

~~((6))~~ (8) "Energy efficiency improvement" means an installation or modification that is designed to reduce energy consumption in residential, agricultural, commercial, state, or municipal properties. The term includes, but is not limited to: Insulation; storm windows and doors; automatic energy control systems; heating, ventilating, or air conditioning and distribution system modifications or replacements in buildings or central plants; caulking and weather stripping; energy recovery systems; geothermal heat pumps; and day lighting systems.

(9) "Housing" means specific new, existing, or improved residential dwellings within this state or dwellings to be constructed within this state. The term includes land, buildings, and manufactured dwellings, and improvements, furnishings, and equipment, and such other nonhousing facilities, furnishings, equipment, and costs as may be incidental or appurtenant thereto if in the judgment of the commission the facilities, furnishings, equipment and costs are an integral part of the project. Housing may consist of single-family or multifamily dwellings in one or more structures located on contiguous or noncontiguous parcels or any combination thereof. Improvements may include such equipment and materials as are appropriate to accomplish energy efficiency within a dwelling. The term also includes a dwelling constructed by a person who occupies and owns the dwelling, and nursing homes licensed under chapter 18.51 RCW.

~~((7))~~ (10) "Mortgage" means a mortgage, mortgage deed, deed of trust, security agreement, or other instrument securing a mortgage loan and constituting a lien on or security interest in housing. The property may be held in fee simple or on a leasehold under a lease having a remaining term, at the time the mortgage is acquired, of not less than the term of repayment of the mortgage loan secured by the mortgage. The property may also be housing which is evidenced by an interest in a cooperative association or corporation if ownership of the interest entitles the owner of the interest to occupancy of a dwelling owned by the association or corporation.

~~((8))~~ (11) "Mortgage lender" means any of the following entities which customarily provide service or otherwise aid in the financing of housing and which are approved as a mortgage lender by the commission: A bank, trust company, savings bank, national banking association, savings and loan association, building and loan association, mortgage banker, mortgage company, credit union, life insurance company, or any other financial institution, governmental agency, municipal corporation, or any holding company for any of the entities specified in this subsection.

~~((9))~~ (12) "Mortgage loan" means an interest-bearing loan or a participation therein, made to a borrower, for the purpose of financing the costs of housing, evidenced by a promissory note, and which may or may not be secured (a) under a mortgage agreement, (b) under any other security agreement, regardless of whether the collateral is personal or real property, or (c) by insurance or a loan guarantee of a third party. However, an unsecured loan shall not be considered a mortgage loan under this definition unless the amount of the loan is under two thousand five hundred dollars.

(13) "Qualified improvement" means an energy efficiency improvement which has been approved by a certifying authority or a net metering system as defined under RCW 80.60.010.

**NEW SECTION. Sec. 3.** A new section is added to chapter 43.180 RCW to read as follows:

(1) If economically feasible, the commission shall develop and implement a sustainable energy trust program to provide financing for qualified improvement projects. In developing the sustainable energy trust program, the commission shall establish eligibility criteria for financing that will enable it to choose eligible applicants who are likely to repay loans made or acquired by the commission and funded from the proceeds of commission bonds.

(2) The commission shall, if economically feasible:

(a) Issue bonds, as defined in RCW 43.180.020, for the purpose of financing loans for qualified energy efficiency and renewable energy improvement projects in accordance with RCW 43.180.150;

(b) Participate fully in federal and other governmental programs and take actions that are necessary and consistent with this chapter to secure to itself and the people of the state the benefits of programs to promote energy efficiency and renewable energy technologies;

(c) Contract with a certifying authority to accept applications for energy efficiency and renewable energy improvement projects, to review applications, including binding fixed price bids for the improvements, and to approve qualified improvements for financing by the commission. For solar electric systems, the certifying authority must use an application certification process similar to the investment cost recovery incentive application process provided under RCW 82.16.120. No work by a certifying authority may commence under this section until a request has been made by the commission; and

(d) Before entering into a contract with a certifying authority as defined in RCW 43.180.020(2)(b), consult with the Washington State University energy extension program to determine which potential improvement technologies are appropriate.

(3) No general fund resources may be expended to implement this section."

Correct the title.

Representatives Morris and Crouse spoke in favor of the adoption of the amendment.

Amendment (163) was adopted. The bill was ordered engrossed.

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

Representatives Morris and Crouse spoke in favor of the passage of the bill.

The Speaker (Representative Moeller presiding) stated the question before the House to be the final passage of Engrossed Second Substitute House Bill No. 1007.

## ROLL CALL

The Clerk called the roll on the final passage of Engrossed Second Substitute House Bill No. 1007 and the bill passed the House by the following vote: Yeas, 85; Nays, 10; Absent, 0; Excused, 2.

Voting yea: Representatives Alexander, Anderson, Appleton, Armstrong, Bailey, Blake, Campbell, Carlyle, Chase, Clibborn, Cody, Conway, Cox, Crouse, Dammeier, Darneille, DeBolt, Dickerson, Driscoll, Dunshee, Eddy, Ericks, Finn, Goodman, Grant-Herriot, Green, Haigh, Hasegawa, Hinkle, Hope, Hudgins, Hunt, Hunter, Hurst, Jacks, Kagi, Kelley, Kenney, Kessler, Kirby, Kretz, Kristiansen, Liiias, Linville, Maxwell, McCoy, McCune, Miloscia, Moeller, Morrell, Morris, Nelson, O'Brien, Ormsby, Orwall, Parker, Pearson, Pedersen, Pettigrew, Priest, Probst, Quall, Roach, Roberts, Rodne, Rolfes, Santos, Schmick, Seaquist, Sells, Short, Simpson, Smith, Springer, Sullivan, Takko, Upthegrove, Van De Wege, Wallace, Walsh, Warnick, White, Williams, Wood and Mr. Speaker.

Voting nay: Representatives Angel, Chandler, Condotta, Ericksen, Haler, Herrera, Johnson, Klippert, Orcutt and Ross.

Excused: Representatives Flannigan and Shea.

ENGROSSED SECOND SUBSTITUTE HOUSE BILL NO. 1007, having received the necessary constitutional majority, was declared passed.

## HOUSE BILL NO. 2040, by Representatives Conway and Condotta

### Concerning the work of the joint select committee on beer and wine regulation.

The bill was read the second time.

Representative Conway moved the adoption of amendment (227):

Strike everything after the enacting clause and insert the following:

**"NEW SECTION. Sec. 1.** A new section is added to chapter 66.28 RCW to read as follows:

The legislature recognizes that Washington's current three-tier system, where the functions of manufacturing, distributing, and retailing are distinct and the financial relationships and business transactions between entities in these tiers are regulated, is a valuable system for the distribution of beer and wine. The legislature further recognizes that the historical total prohibition on ownership of an interest in one tier by a person with an ownership interest in another tier, as well as the historical restriction on financial incentives and business relationships between tiers, is unduly restrictive. The legislature finds the modifications contained in this act are appropriate, because the modifications do not impermissibly interfere with the goals of orderly marketing of alcohol in the state, encouraging moderation in consumption of alcohol by the citizens of the state, protecting the public interest and advancing public safety by preventing the use and consumption of alcohol by minors and other abusive consumption, and promoting the efficient collection of taxes by the state.

**NEW SECTION. Sec. 2.** A new section is added to chapter 66.28 RCW to read as follows:

The definitions in this section apply throughout sections 1 through 8 of this act unless the context clearly requires otherwise.

(1) "Adverse impact on public health and safety" means that an existing or proposed practice or occurrence has resulted or is more likely than not to result in alcohol being made significantly more attractive or available to minors than would otherwise be the case or has resulted or is more likely than not to result in overconsumption, consumption by minors, or other harmful or abusive forms of consumption.

(2) "Affiliate" means any one of two or more persons if one of those persons has actual or legal control, directly or indirectly, whether by stock ownership or otherwise, of the other person or persons and any one of two or more persons subject to common control, actual or legal, directly or indirectly, whether by stock ownership or otherwise.

(3) "Industry member" means a licensed manufacturer, producer, supplier, importer, wholesaler, distributor, authorized representative, certificate of approval holder, warehouse, and any affiliates, subsidiaries, officers, directors, partners, agents, employees, and representatives of any industry member. "Industry member" does not include the board or any of the board's employees.

(4) "Person" means any individual, partnership, joint stock company, business trust, association, corporation, or other form of business enterprise, including a receiver, trustee, or liquidating agent and includes any officer or employee of a retailer or industry member.

(5) "Retailer" means the holder of a license issued by the board to allow for the sale of alcoholic beverages to consumers for consumption on or off premises and any of the retailer's agents, officers, directors, shareholders, partners, or employees. "Retailer" does not include the board or any of the board's employees.

(6) "Undue influence" means one retailer or industry member directly or indirectly influencing the purchasing, marketing, or sales decisions of another retailer or industry member by any agreement written or unwritten or any other business practices or arrangements such as but not limited to the following:

(a) Any form of coercion between industry members and retailers or between retailers and industry members through acts or threats of physical or economic harm, including threat of loss of supply or threat of curtailment of purchase;

(b) A retailer on an involuntary basis purchasing less than it would have of another industry member's product;

(c) Purchases made by a retailer or industry member as a prerequisite for purchase of other items;

(d) A retailer purchasing a specific or minimum quantity or type of a product or products from an industry member;

(e) An industry member requiring a retailer to take and dispose of a certain product type or quota of the industry member's products;

(f) A retailer having a continuing obligation to purchase or otherwise promote or display an industry member's product;

(g) An industry member having a continuing obligation to sell a product to a retailer;

(h) A retailer having a commitment not to terminate its relationship with an industry member with respect to purchase of the industry member's products or an industry member having a commitment not to terminate its relationship with a retailer with respect to the sale of a particular product or products;

(i) An industry member being involved in the day-to-day operations of a retailer or a retailer being involved in the day-to-day operations of an industry member in a manner that violates the provisions of this section;

(j) Discriminatory pricing practices as prohibited by law or other practices that are discriminatory in that product is not offered to all retailers in the local market on the same terms.

**NEW SECTION. Sec. 3.** A new section is added to chapter 66.28 RCW to read as follows:

(1) Notwithstanding any prohibitions and restrictions contained in this title, it shall be lawful for an industry member or affiliate to have a direct or indirect financial interest in another industry member or a retailer, and for a retailer or affiliate to have a direct or indirect financial interest in an industry member unless such interest has resulted or is more likely than not to result in undue influence over the retailer or the industry member or has resulted or is more likely than not to result in an adverse impact on public health and safety. The structure of any such financial interest must be consistent with subsection (2) of this section.

(2) Subject to subsection (1) of this section and except as provided in section 4 of this act:

(a) An industry member in whose name a license or certificate of approval has been issued pursuant to this title may wholly own or hold a financial interest in a separate legal entity licensed pursuant to RCW 66.24.320 through 66.24.570, but may not have such a license issued in its name; and

(b) A retailer in whose name a license has been issued pursuant to this title may wholly own or hold a financial interest in a separate legal entity licensed or holding a certificate of approval pursuant to RCW 66.24.170, 66.24.206, 66.24.240, 66.24.244, 66.24.270(2), 66.24.200, or 66.24.250, but may not have such a license or certificate of approval issued in its name; and

(c) A supplier in whose name a license or certificate of approval has been issued pursuant to this title may wholly own or hold a financial interest in a separate legal entity licensed as a distributor or importer under this title, but such supplier may not have a license as a distributor or importer issued in its own name; and

(d) A distributor or importer in whose name a license has been issued pursuant to this title may wholly own or hold a financial interest in a separate legal entity licensed or holding a certificate of approval as a supplier under this title, but such distributor or importer may not have a license or certificate of approval as a supplier issued in its own name.

**NEW SECTION. Sec. 4.** A new section is added to chapter 66.28 RCW to read as follows:

Nothing in section 3 of this act shall prohibit:

(1) A licensed domestic brewery or microbrewery from being licensed as a retailer pursuant to chapter 66.24 RCW for the purpose of selling beer or wine at retail on the brewery premises and at one additional off-site retail only location.

(2) A domestic winery from being licensed as a retailer pursuant to chapter 66.24 RCW for the purpose of selling beer or wine at retail on the winery premises. Such beer and wine so sold at retail shall be subject to the taxes imposed by RCW 66.24.290 and 66.24.210 and to reporting and bonding requirements as prescribed by regulations adopted by the board pursuant to chapter 34.05 RCW, and beer and wine that is not produced by the brewery or winery shall be purchased from a licensed beer or wine distributor.

(3) A microbrewery holding a beer and/or wine restaurant license under RCW 66.24.320 from holding the same privileges and endorsements attached to the beer and/or wine restaurant license.

(4) A licensed craft distillery from selling spirits of its own production under RCW 66.24.145.

(5) A licensed distiller, domestic brewery, microbrewery, domestic winery, or a lessee of a licensed domestic brewer, microbrewery, or domestic winery, from being licensed as a spirits, beer, and wine restaurant pursuant to chapter 66.24 RCW for the purpose of selling liquor at a spirits, beer, and wine restaurant premises on the property on which the primary manufacturing facility

of the licensed distiller, domestic brewer, microbrewery, or domestic winery is located or on contiguous property owned or leased by the licensed distiller, domestic brewer, microbrewery, or domestic winery as prescribed by rules adopted by the board pursuant to chapter 34.05 RCW.

(6) A microbrewery holding a spirits, beer, and wine restaurant license under RCW 66.24.420 from holding the same privileges and endorsements attached to the spirits, beer, and wine restaurant license.

(7) A brewery or microbrewery holding a spirits, beer, and wine restaurant license or a beer and/or wine license under chapter 66.24 RCW operated on the premises of the brewery or microbrewery from holding a second retail only license at a location separate from the premises of the brewery or microbrewery.

(8) Retail licensees with a caterer's endorsement issued under RCW 66.24.320 or 66.24.420 from operating on a domestic winery premises.

(9) An organization qualifying under RCW 66.24.375 formed for the purpose of constructing and operating a facility to promote Washington wines from holding retail licenses on the facility property or leasing all or any portion of such facility property to a retail licensee on the facility property if the members of the board of directors or officers of the board for the organization include officers, directors, owners, or employees of a licensed domestic winery. Financing for the construction of the facility must include both public and private money.

(10) A bona fide charitable nonprofit society or association registered under Title 26 U.S.C. Sec. 501(c)(3) of the federal internal revenue code, or a local wine industry association registered under Title 26 U.S.C. Sec. 501(c)(6) of the federal internal revenue code as it existed on July 22, 2007, and having an officer, director, owner, or employee of a licensed domestic winery or a wine certificate of approval holder on its board of directors from holding a special occasion license under RCW 66.24.380.

(11) A person licensed pursuant to RCW 66.24.170, 66.24.240, or 66.24.244 from exercising the privileges of distributing and selling at retail such person's own production or from exercising any other right or privilege that attaches to such license.

(12) A person holding a certificate of approval pursuant to RCW 66.24.206 from obtaining an endorsement to act as a distributor of their own product or from shipping their own product directly to consumers as authorized by RCW 66.20.360.

(13) A person holding a wine shipper's permit pursuant to RCW 66.20.375 from shipping their own product directly to consumers.

(14) A person holding a certificate of approval pursuant to RCW 66.24.270(2) from obtaining an endorsement to act as a distributor of their own product.

**NEW SECTION. Sec. 5.** A new section is added to chapter 66.28 RCW to read as follows:

Any industry member or retailer or any other person seeking a determination by the board as to whether a proposed or existing financial interest has resulted or is more likely than not to result in undue influence or has resulted or is more likely than not to result in an adverse impact on public health and safety may file a complaint or request for determination with the board. Upon receipt of a request or complaint the board may conduct such investigation as it deems appropriate in the circumstances. If the investigation reveals the financial interest has resulted or is more likely than not to result in undue influence or has resulted or is more likely than not to result in an adverse impact on public health and safety the board may issue an administrative violation notice or a notice of intent to deny the license to the industry member, to the retailer, or both. If the

financial interest was acquired through a transaction that has already been consummated when the board issues its administrative violation notice, the board shall have the authority to require that the transaction be rescinded or otherwise undone. The recipient of the administrative notice of violation or notice of intent to deny the license may request a hearing under chapter 34.05 RCW.

**NEW SECTION. Sec. 6.** A new section is added to chapter 66.28 RCW to read as follows:

Except as provided in section 7 of this act, no industry member shall advance and no retailer shall receive moneys or moneys' worth under an agreement written or unwritten or by means of any other business practice or arrangement.

**NEW SECTION. Sec. 7.** A new section is added to chapter 66.28 RCW to read as follows:

(1)(a) Nothing in section 6 of this act prohibits an industry member from providing retailers branded promotional items which are of nominal value, singly or in the aggregate. Such items include but are not limited to: Trays, lighters, blotters, postcards, pencils, coasters, menu cards, meal checks, napkins, clocks, mugs, glasses, bottles or can openers, corkscrews, matches, printed recipes, shirts, hats, visors, and other similar items. Branded promotional items:

(i) Must be used exclusively by the retailer or its employees in a manner consistent with its license;

(ii) Must bear imprinted advertising matter of the industry member only;

(iii) May be provided by industry members only to retailers and their employees and may not be provided by or through retailers or their employees to retail customers; and

(iv) May not be targeted to or appeal principally to youth.

(b) An industry member is not obligated to provide any such branded promotional items, and a retailer may not require an industry member to provide such branded promotional items as a condition for selling any alcohol to the retailer.

(c) Any industry member or retailer or any other person asserting that the provision of branded promotional items as allowed in (a) of this subsection has resulted or is more likely than not to result in undue influence or an adverse impact on public health and safety, or is otherwise inconsistent with the criteria in (a) of this subsection may file a complaint with the board. Upon receipt of a complaint the board may conduct such investigation as it deems appropriate in the circumstances. If the investigation reveals the provision of branded promotional items has resulted in or is more likely than not to result in undue influence or has resulted or is more likely than not to result in an adverse impact on public health and safety or is otherwise inconsistent with (a) of this subsection the board may issue an administrative violation notice to the industry member, to the retailer, or both. The recipient of the administrative violation notice may request a hearing under chapter 34.05 RCW.

(2) Nothing in section 6 of this act prohibits an industry member from providing to a special occasion licensee and a special occasion licensee from receiving services for:

(a) Installation of draft beer dispensing equipment or advertising; or

(b) Advertising, pouring, or dispensing of beer or wine at a beer or wine tasting exhibition or judging event.

(3) Nothing in section 6 of this act prohibits industry members from performing, and retailers from accepting the service of building, rotating, and restocking displays and stockroom inventories; rotating and rearranging can and bottle displays of their own products; providing point of sale material and brand signs; pricing case goods of their own brands; and performing such similar business services

consistent with board rules, or personal services as described in subsection (5) of this section.

(4) Nothing in section 6 of this act prohibits:

(a) Industry members from listing on their internet web sites information related to retailers who sell or promote their products, including direct links to the retailers' internet web sites; and

(b) Retailers from listing on their internet web sites information related to industry members whose products those retailers sell or promote, including direct links to the industry members' web sites; or

(c) Industry members and retailers from producing, jointly or together with regional, state, or local industry associations, brochures and materials promoting tourism in Washington state which contain information regarding retail licensees, industry members, and their products.

(5) Nothing in section 6 of this act prohibits the performance of personal services offered from time to time by a domestic winery or certificate of approval holder to retailers when the personal services are (a) conducted at a licensed premises, and (b) intended to inform, educate, or enhance customers' knowledge or experience of the manufacturer's products. The performance of personal services may include participation and pouring, bottle signing events, and other similar informational or educational activities at the premises of a retailer holding a spirits, beer, and wine restaurant license, a wine and/or beer restaurant license, a specialty wine shop license, a special occasion license, or a private club license. A domestic winery or certificate of approval holder is not obligated to perform any such personal services, and a retail licensee may not require a domestic winery or certificate of approval holder to conduct any personal service as a condition for selling any alcohol to the retail licensee. Except as provided in RCW 66.28.150, the cost of sampling may not be borne, directly or indirectly, by any domestic winery or certificate of approval holder or any distributor. Nothing in this section prohibits wineries, certificate of approval holders, and retail licensees from identifying the producers on private labels authorized under RCW 66.24.400, 66.24.425, and 66.24.450.

(6) Nothing in section 6 of this act prohibits an industry member from entering into an arrangement with any holder of a sports entertainment facility license or an affiliated business for brand advertising at the licensed facility or promoting events held at the sports entertainment facility as authorized under RCW 66.24.570.

**NEW SECTION. Sec. 8.** A new section is added to chapter 66.28 RCW to read as follows:

All industry members and retailers shall keep and maintain the following records on their premises for a three-year period:

(1) Records of all items, services, and moneys' worth furnished to and received by a retailer and of all items, services, and moneys' worth provided to a retailer and purchased by a retailer at fair market value; and

(2) Records of all industry member financial ownership or interests in a retailer and of all retailer financial ownership interests in an industry member.

**NEW SECTION. Sec. 9.** A new section is added to chapter 66.28 RCW to read as follows:

The board shall adopt rules as are deemed necessary to carry out the purposes and provisions of this chapter in accordance with the administrative procedure act, chapter 34.05 RCW.

**Sec. 10.** RCW 66.28.180 and 2006 c 302 s 10 are each amended to read as follows:

~~((It is unlawful for a person, firm, or corporation holding a certificate of approval issued under RCW 66.24.270 or 66.24.206, a beer distributor's license, a domestic brewery license, a microbrewery license, a beer importer's license, a beer distributor's license, a~~

~~domestic winery license, a wine importer's license, or a wine distributor's license within the state of Washington to modify any prices without prior notification to and approval of the board.~~

~~—(1) Intent. This section is enacted, pursuant to the authority of this state under the twenty-first amendment to the United States Constitution, to promote the public's interest in fostering the orderly and responsible distribution of malt beverages and wine towards effective control of consumption; to promote the fair and efficient three-tier system of distribution of such beverages; and to confirm existing board rules as the clear expression of state policy to regulate the manner of selling and pricing of wine and malt beverages by licensed suppliers and distributors.~~

~~—(2)) (1) Beer and wine distributors ((price posting)).~~

(a) Every beer or wine distributor shall ~~((file with the board at its office in Olympia))~~ maintain at its liquor licensed location a price ((posting)) list showing the wholesale prices at which any and all brands of beer and wine sold by such beer and/or wine distributor shall be sold to retailers within the state.

(b) Each price ~~((posting shall be made on a form prepared and furnished by the board, or a reasonable facsimile thereof, and))~~ list shall set forth:

(i) All brands, types, packages, and containers of beer or wine offered for sale by such beer and/or wine distributor; and

(ii) The wholesale prices thereof to retail licensees, including allowances, if any, for returned empty containers.

(c) No beer and/or wine distributor may sell or offer to sell any package or container of beer or wine to any retail licensee at a price differing from the price for such package or container as shown in the price ~~((posting filed by the beer and/or wine distributor and then in effect))~~ list, according to rules adopted by the board.

(d) Quantity discounts are prohibited. No price may be ~~((posted that is))~~ below acquisition cost ~~((plus ten percent of acquisition cost. However, the board is empowered to review periodically, as it may deem appropriate, the amount of the percentage of acquisition cost as a minimum mark-up over cost and to modify such percentage by rule of the board, except such percentage shall be not less than ten percent)).~~

(e) Distributor prices on a "close-out" item shall be ~~((accepted by the board))~~ allowed if the item to be discontinued has been listed ~~((on the state market))~~ for a period of at least six months, and upon the further condition that the distributor who ~~((posts))~~ offers such a close-out price shall not restock the item for a period of one year following the first effective date of such close-out price.

(f) ~~((The board may reject any price posting that it deems to be in violation of this section or any rule, or portion thereof, or that would tend to disrupt the orderly sale and distribution of beer and wine. Whenever the board rejects any posting, the licensee submitting the posting may be heard by the board and shall have the burden of showing that the posting is not in violation of this section or a rule or does not tend to disrupt the orderly sale and distribution of beer and wine. If the posting is accepted, it shall become effective at the time fixed by the board. If the posting is rejected, the last effective posting shall remain in effect until such time as an amended posting is filed and approved, in accordance with the provisions of this section.~~

~~—(g) Prior to the effective date of the posted prices, all price postings filed as required by this section constitute investigative information and shall not be subject to disclosure, pursuant to RCW 42.56.240(1).~~

~~—(h))~~ Any beer and/or wine distributor or employee authorized by the distributor-employer may sell beer and/or wine at the distributor's ~~((posted))~~ listed prices to any annual or special occasion

retail licensee upon presentation to the distributor or employee at the time of purchase of a special permit issued by the board to such licensee.

~~((f))~~ (g) Every annual or special occasion retail licensee, upon purchasing any beer and/or wine from a distributor, shall immediately cause such beer or wine to be delivered to the licensed premises, and the licensee shall not thereafter permit such beer to be disposed of in any manner except as authorized by the license.

~~((g))~~ (h) Beer and wine sold as provided in this section shall be delivered by the distributor or an authorized employee either to the retailer's licensed premises or directly to the retailer at the distributor's licensed premises. When a domestic winery, brewery, microbrewery, or certificate of approval holder with a direct shipping endorsement is acting as a distributor of its own production, a licensed retailer may contract with a common carrier to obtain the product directly from the domestic winery, brewery, microbrewery, or certificate of approval holder with a direct shipping endorsement. A distributor's prices to retail licensees shall be the same at both such places of delivery.

~~((h))~~ (2) Beer and wine suppliers' ~~((price filings,))~~ contracts ~~((;))~~ and memoranda.

(a) Every domestic brewery, microbrewery, ~~((and))~~ domestic winery, certificate of approval holder, and beer and/or wine importer offering beer and/or wine for sale within the state and any beer and/or wine distributor who sells to other beer and/or wine distributors shall ~~((file with the board at its office in Olympia))~~ maintain at its liquor licensed location a price list and a copy of every written contract and a memorandum of every oral agreement which such brewery or winery may have with any beer or wine distributor, which contracts or memoranda shall contain ((a schedule of prices charged to distributors for all items and all terms of sale, including all regular and special discounts;)):

(i) All advertising, sales and trade allowances, and incentive programs; and

(ii) All commissions, bonuses or gifts, and any and all other discounts or allowances.

(b) Whenever changed or modified, such revised contracts or memoranda shall ~~((forthwith))~~ also be ~~((filed with the board as provided for by rule. The provisions of this section also apply to certificate of approval holders, beer and/or wine importers, and beer and/or wine distributors who sell to other beer and/or wine distributors))~~ maintained at its liquor licensed location.

(c) Each price ~~((schedule shall be made on a form prepared and furnished by the board, or a reasonable facsimile thereof, and))~~ list shall set forth all brands, types, packages, and containers of beer or wine offered for sale by such licensed brewery or winery ~~((; all additional information required may be filed as a supplement to the price schedule forms)).~~

~~((b))~~ (d) Prices ~~((filed by))~~ of a domestic brewery, microbrewery, domestic winery, or certificate of approval holder shall be uniform prices to all distributors or retailers on a statewide basis less bona fide allowances for freight differentials. Quantity discounts are prohibited. No price shall be ~~((filed that is))~~ below acquisition/production cost ~~((plus ten percent of that cost, except that acquisition cost plus ten percent of acquisition cost does not apply to sales of beer or wine between a beer or wine importer who sells beer or wine to another beer or wine importer or to a beer or wine distributor, or to a beer or wine distributor who sells beer or wine to another beer or wine distributor. However, the board is empowered to review periodically, as it may deem appropriate, the amount of the percentage of acquisition/production cost as a minimum mark-up~~

~~over cost and to modify such percentage by rule of the board, except such percentage shall be not less than ten percent)).~~

~~((c-N))~~ (e) A domestic brewery, microbrewery, domestic winery, certificate of approval holder, beer or wine importer, or beer or wine distributor ((may sell or offer to sell any beer or wine to any persons whatsoever in this state until copies of such written contracts or memoranda of such oral agreements are on file with the board)) acting as a supplier to another distributor must file a distributor appointment with the board.

~~((d))~~ (f) No domestic brewery, microbrewery, domestic winery, or certificate of approval holder may sell or offer to sell any package or container of beer or wine to any distributor at a price differing from the price list for such package or container as shown in the ~~((schedule of prices filed by))~~ price list of the domestic brewery, microbrewery, domestic winery, or certificate of approval holder and then in effect, according to rules adopted by the board.

~~((e))~~ The board may reject any supplier's price filing, contract, or memorandum of oral agreement, or portion thereof that it deems to be in violation of this section or any rule or that would tend to disrupt the orderly sale and distribution of beer or wine. Whenever the board rejects any such price filing, contract, or memorandum, the licensee submitting the price filing, contract, or memorandum may be heard by the board and shall have the burden of showing that the price filing, contract, or memorandum is not in violation of this section or a rule or does not tend to disrupt the orderly sale and distribution of beer or wine. If the price filing, contract, or memorandum is accepted, it shall become effective at a time fixed by the board. If the price filing, contract, or memorandum, or portion thereof, is rejected, the last effective price filing, contract, or memorandum shall remain in effect until such time as an amended price filing, contract, or memorandum is filed and approved, in accordance with the provisions of this section.

~~((f))~~ Prior to the effective date of the posted prices, all prices, contracts, and memoranda filed as required by this section constitute investigative information and shall not be subject to disclosure, pursuant to RCW 42.56.240(1);)

**NEW SECTION. Sec. 11.** RCW 66.28.010 (Manufacturers, importers, distributors, and authorized representatives barred from interest in retail business or location--Advances prohibited--"Financial interest" defined--Exceptions) and 2008 c 94 s 5 are each repealed.

**NEW SECTION. Sec. 12.** 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."

Correct the title.

Representatives Conway and Condotta spoke in favor of the adoption of the amendment.

Amendment (227) was adopted. The bill was ordered engrossed.

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

Representatives Conway and Condotta spoke in favor of the passage of the bill.

The Speaker (Representative Moeller presiding) stated the question before the House to be the final passage of Engrossed House Bill No. 2040.

**ROLL CALL**

The Clerk called the roll on the final passage of Engrossed House Bill No. 2040 and the bill passed the House by the following vote: Yeas, 92; Nays, 3; Absent, 0; Excused, 2.

Voting yea: Representatives Alexander, Anderson, Angel, Appleton, Armstrong, Bailey, Blake, Campbell, Carlyle, Chandler, Chase, Clibborn, Cody, Condotta, Conway, Cox, Crouse, Dammeier, Darneille, DeBolt, Dickerson, Driscoll, Dunshee, Eddy, Ericks, Ericksen, Finn, Goodman, Grant-Herriot, Green, Haigh, Haler, Herrera, Hinkle, Hope, Hunt, Hunter, Hurst, Jacks, Johnson, Kagi, Kelley, Kenney, Kessler, Kirby, Klippert, Kretz, Kristiansen, Liias, Linville, Maxwell, McCoy, McCune, Miloscia, Moeller, Morris, Nelson, O'Brien, Orcutt, Ormsby, Orwall, Parker, Pearson, Pedersen, Pettigrew, Priest, Probst, Quall, Roach, Roberts, Rodne, Rolfes, Ross, Santos, Schmick, Seaquist, Sells, Short, Simpson, Smith, Springer, Sullivan, Takko, Upthegrove, Van De Wege, Wallace, Walsh, Warnick, White, Williams, Wood and Mr. Speaker.

Voting nay: Representatives Hasegawa, Hudgins and Morrell.  
Excused: Representatives Flannigan and Shea.

ENGROSSED HOUSE BILL NO. 2040, having received the necessary constitutional majority, was declared passed.

**STATEMENT FOR THE JOURNAL**

I intended to vote NAY on ENGROSSED HOUSE BILL NO. 2040.

ROGER GOODMAN, 45th District

**STATEMENT FOR THE JOURNAL**

I intended to vote NAY on ENGROSSED HOUSE BILL NO. 2040.

MARK MILOSCIA, 30th District

There being no objection, House Rule 13 (C) was suspended allowing the House to work past 10:00 p.m.

**SECOND READING**

**HOUSE BILL NO. 1021, by Representatives Campbell, Morrell and Moeller**

**Concerning prior notice of hospital surveys and audits. Revised for 2nd Substitute: Concerning notice of hospital audits.**

The bill was read the second time.

There being no objection, Second Substitute House Bill No. 1021 was substituted for House Bill No. 1021 and the second substitute bill was placed on the second reading calendar.

SECOND SUBSTITUTE HOUSE BILL NO. 1021 was read the second time.

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

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

The Speaker (Representative Moeller presiding) stated the question before the House to be the final passage of Second Substitute House Bill No. 1021.

**ROLL CALL**

The Clerk called the roll on the final passage of Second Substitute House Bill No. 1021 and the bill passed the House by the following vote: Yeas, 95; Nays, 0; Absent, 0; Excused, 2.

Voting yea: Representatives Alexander, Anderson, Angel, Appleton, Armstrong, Bailey, Blake, Campbell, Carlyle, Chandler, Chase, Clibborn, Cody, Condotta, Conway, Cox, Crouse, Dammeier, Darneille, DeBolt, Dickerson, Driscoll, Dunshee, Eddy, Ericks, Ericksen, Finn, Goodman, Grant-Herriot, Green, Haigh, Haler, Hasegawa, Herrera, Hinkle, Hope, Hudgins, Hunt, Hunter, Hurst, Jacks, Johnson, Kagi, Kelley, Kenney, Kessler, Kirby, Klippert, Kretz, Kristiansen, Liias, Linville, Maxwell, McCoy, McCune, Miloscia, Moeller, Morrell, Morris, Nelson, O'Brien, Orcutt, Ormsby, Orwall, Parker, Pearson, Pedersen, Pettigrew, Priest, Probst, Quall, Roach, Roberts, Rodne, Rolfes, Ross, Santos, Schmick, Seaquist, Sells, Short, Simpson, Smith, Springer, Sullivan, Takko, Upthegrove, Van De Wege, Wallace, Walsh, Warnick, White, Williams, Wood and Mr. Speaker.

Excused: Representatives Flannigan and Shea.

SECOND SUBSTITUTE HOUSE BILL NO. 1021, having received the necessary constitutional majority, was declared passed.

**HOUSE BILL NO. 1081, by Representatives Wallace, Ericksen, Clibborn, Armstrong, Moeller and Jacks**

**Authorizing local improvement district financing of railroad crossing protection devices.**

The bill was read the second time.

There being no objection, Second Substitute House Bill No. 1081 was substituted for House Bill No. 1081 and the second substitute bill was placed on the second reading calendar.

SECOND SUBSTITUTE HOUSE BILL NO. 1081 was read the second time.

Representative Herrera moved the adoption of amendment (224):

On page 5, line 33, after "children" insert "including any child care center that declines to pay representation fees or other fees in accordance with a union security provision"

On page 6, line 1, after "(c)" insert the following:

"The secretary of the department of social and health services' right to determine the child care centers that receive child care subsidies, except that the secretary is prohibited from barring a child care center from receiving child care subsidies because the center declines to pay representation fees or other fees in accordance with a union security provision;

(d)"

Reletter the sections consecutively and correct any internal references accordingly.

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

Representative Liias spoke against the adoption of the amendment.

Amendment (224) was not adopted.

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

Representatives Wallace and Simpson spoke in favor of the passage of the bill.

Representative Ericksen spoke against the passage of the bill.

The Speaker (Representative Moeller presiding) stated the question before the House to be the final passage of Second Substitute House Bill No. 1081.

### ROLL CALL

The Clerk called the roll on the final passage of Second Substitute House Bill No. 1081 and the bill passed the House by the following vote: Yeas, 69; Nays, 26; Absent, 0; Excused, 2.

Voting yea: Representatives Anderson, Appleton, Bailey, Blake, Campbell, Carlyle, Chase, Clibborn, Cody, Conway, Dammeier, Darneille, Dickerson, Driscoll, Dunshee, Eddy, Ericks, Finn, Goodman, Grant-Herriot, Green, Haigh, Hasegawa, Hudgins, Hunt, Hunter, Hurst, Jacks, Kagi, Kelley, Kenney, Kessler, Kirby, Liias, Linville, Maxwell, McCoy, Miloscia, Moeller, Morrell, Morris, Nelson, O'Brien, Ormsby, Orwall, Parker, Pedersen, Pettigrew, Priest, Probst, Quall, Roberts, Rodne, Rolfes, Santos, Seaquist, Sells, Simpson, Smith, Springer, Sullivan, Takko, Upthegrove, Van De Wege, Wallace, White, Williams, Wood and Mr. Speaker.

Voting nay: Representatives Alexander, Angel, Armstrong, Chandler, Condotta, Cox, Crouse, DeBolt, Ericksen, Haler, Herrera, Hinkle, Hope, Johnson, Klippert, Kretz, Kristiansen, McCune, Orcutt, Pearson, Roach, Ross, Schmick, Short, Walsh and Warnick.

Excused: Representatives Flannigan and Shea.

SECOND SUBSTITUTE HOUSE BILL NO. 1081, having received the necessary constitutional majority, was declared passed.

**HOUSE BILL NO. 2227, by Representatives Probst, Orwall, Santos, Nelson, Sullivan, Liias, Williams, Carlyle, Maxwell, Conway, Morrell, White, Goodman, Jacks, Kenney and Seaquist**

#### Enacting the evergreen jobs act.

The bill was read the second time.

There being no objection, Second Substitute House Bill No. 2227 was substituted for House Bill No. 2227 and the second substitute bill was placed on the second reading calendar.

SECOND SUBSTITUTE HOUSE BILL NO. 2227 was read the second time.

With consent of the House, amendments (191), (226), (196), (097), (204) and (202) were withdrawn.

Representative Probst moved the adoption of amendment (195):

Strike everything after the enacting clause and insert the following:

**"NEW SECTION. Sec. 1.** The legislature finds that the 2009 American recovery and reinvestment act includes new investments in research and development for green industries, renewable energy production, and incentives for installation and use of renewable energy and energy efficiency retrofits. The legislature further finds that state level initiatives include additional incentives for installation of renewable energy and energy efficiency retrofits. These initiatives also include new incentives for production of renewable energy, so that the state is not only using renewable energy, but also becoming a major supplier of renewable energy to the world.

The legislature believes that these inputs will significantly increase demand for installation and production of renewable energy and energy efficiency retrofits. The legislature recognizes that this demand will cultivate job opportunities for Washington state residents during economic downturns when such opportunities are particularly valuable. However, the state's residents and economy may be unable to take full advantage of these opportunities if there is a shortage of workers with the skills needed for production and installation jobs in renewable energy and energy efficiency.

Therefore, the legislature intends that Washington state excel in the green economy by creating a highly skilled green jobs workforce. Furthermore, the legislature intends to establish an even stronger focus on skills for green jobs within existing education and training funds, and to direct any funds received from the 2009 American recovery and reinvestment act to an evergreen jobs initiative.

The legislature intends to establish the evergreen jobs initiative to ensure: That the state's workforce is prepared for the new green economy; that the state attracts investment and job creation in the green economy; that the state is a net exporter of green industry products and services, with special attention to renewable energy technology and components; and that Washington is a national and world leader in the green economy.

**Sec. 2.** RCW 43.330.310 and 2008 c 14 s 9 are each amended to read as follows:

(1) ~~(The legislature establishes a comprehensive green economy jobs growth initiative based on the goal of, by 2020, increasing the number of green economy jobs to twenty-five thousand from the eight thousand four hundred green economy jobs the state had in 2004.~~

~~—(2))~~ The Washington state evergreen jobs initiative is established with the following primary goals:

(a) To create fifteen thousand new green economy jobs by 2020;

(b) To target thirty percent of these new jobs to veterans, members of the national guard, and low-income and disadvantaged populations;

(c) To create a coordinated effort across state agencies to draw down federal funds and deploy them in a focused, effective, and coordinated manner;

(d) To prepare the state's workforce to take full advantage of green economy job opportunities;

(e) To attract private sector investment that will result in job creation and expansion;

(f) To make the state a net exporter of green industry products and services, with special attention to renewable energy technology and components;

(g) To empower green job recruitment and training by local workforce development councils and associate development organizations by providing rapidly accessible funding and strong support from state agencies; and

(h) To capitalize upon partnership agreements already established in the governor's Washington works plan and the Washington workforce compact.

(2) The department and the workforce training and education coordinating board shall work with a working group including the state board for community and technical colleges, the employment security department, business, organized labor, workforce development councils, associate development organizations, and higher education to:

(a) Develop and maintain a regularly updated and prioritized list of projects across the state that will create green jobs and have long-term economic and environmental impact;

(i) To ensure that projects with high economic or environmental impact are strongly supported, the department, workforce training and education coordinating board, and the working group must develop a process and specific criteria for soliciting and evaluating evergreen jobs act priority projects, which may be proposed by organizations including associate development organizations and workforce development councils statewide. The evaluation criteria must include, but not be limited to, whether the project will:

(A) Create short-term jobs;

(B) Create long-term jobs;

(C) Position the state to become a major exporter of renewable energy technology and components;

(D) Strengthen the state's competitiveness in a targeted niche within the green economy; and

(E) Create lasting environmental benefits;

(ii) Projects that demonstrate the following characteristics shall be awarded additional points in the evaluation process:

(A) Compliance with the prevailing wage provisions of chapter 39.12 RCW or with area standard wages for public works as determined by the department of labor and industries;

(B) Employment opportunities for veterans, members of the national guard, and low-income and disadvantaged populations; and

(C) Quality and training standards that ensure that fifteen percent of the labor hours will be performed by apprentices.

(b) Accelerate and coordinate efforts to identify and secure any and all potential sources of funding, with a particular emphasis on funds available from the federal government under the 2009 American recovery and reinvestment act, to support evergreen jobs act priority projects and accomplish the additional goals of this initiative;

(c) Use the list of evergreen jobs act priority projects to inform and coordinate applications for federal funding, and to coordinate funding and implementation for local projects from multiple state agencies. This requirement for consultation and coordination among state agencies shall not be construed as a requirement for any agency to gain approval from another before allocating funding to the local level;

(d) Coordinate, streamline, and accelerate project support so that local associate development organizations and workforce development councils will be empowered to comprehensively and rapidly respond to job creation and workforce training opportunities. Each associate development organization and workforce development council shall report to the legislature annually regarding the effectiveness and timeliness of support provided by state agencies under this section and sections 3 through 5 of this act;

(e) Ensure that public utility district and community action agency weatherization projects similarly receive coordinated, streamlined, and accelerated state support, including a steady supply of appropriately skilled workers;

(f) Consult with the Washington State University energy extension program, when necessary, to determine which energy efficiency and renewable energy improvement technologies are appropriate;

(g) Develop, track, and report performance metrics, including but not limited to:

(i) The number of new green jobs created each year;

(ii) The number of new green jobs created for veterans, members of the national guard, and low-income and disadvantaged populations;

(iii) Wage levels of jobs created;

(iv) The total amount of new federal funding secured and the respective amounts allocated to the state and local levels; and

(v) The timeliness of deployment of funding by state agencies to the local level;

(h) Focus on additional local projects or additional high employer-demand fields as necessary and report performance in these fields in the same manner described in (g) of this subsection;

(i) Provide a progress report to appropriate committees of the legislature on December 1, 2009, that includes:

(i) Methods to encourage the creation and expansion of businesses and jobs in the state's green economy;

(ii) Actions and accomplishments in securing funds from the federal government and other external sources;

(iii) Recommended performance metrics;

(iv) Actual performance outcomes to date; and

(v) A list of evergreen jobs act priority projects and actions taken to date on each;

(j) Provide quarterly performance reports thereafter to appropriate committees of the legislature that include, at a minimum, the following information:

(i) Performance metrics and actual performance outcomes to date;

(ii) The updated list of evergreen jobs act priority projects and actions taken to date on each;

(iii) A summary of actions taken to empower local organizations as required in (d) and (e) of this subsection; and

(iv) Reports from local associate development organizations and workforce development councils on the effectiveness and timeliness of state support for their efforts.

(3) The workforce training and education coordinating board, in consultation with the department, shall develop a plan or a series of plans to prioritize existing and new funding streams related to workforce training programs and education that lead to a credential, certificate, or degree in green economy jobs and increase capacity for associate development organizations and workforce development councils to respond to priority projects in the future.

(4) The department and workforce training and education coordinating board shall identify strategies to allocate and direct existing and new funding streams to workforce development councils and associate development organizations in a coordinated and efficient manner, to reduce local staff time needed to draw down funds, and to increase local capacity to respond rapidly and comprehensively to opportunities to attract green jobs to local communities.

(5) The department, in consultation with the employment security department, the state workforce training and education coordinating board, the state board ~~((of for))~~ for community and technical colleges, and the higher education coordinating board, shall develop a defined list of terms, consistent with current workforce and economic development terms, associated with green economy industries and jobs.

~~((3)(a))~~ (6) The employment security department, in consultation with the department, the state workforce training and education coordinating board, the state board for community and technical colleges, the higher education coordinating board, Washington State University small business development center, and the Washington State University extension energy program, shall conduct labor market research to analyze the current labor market and projected job growth in the green economy, the current and projected recruitment and skill requirement of green economy industry employers, the wage and benefits ranges of jobs within green economy industries, and the education and training requirements of entry-level and incumbent workers in those industries.

~~((b) The University of Washington business and economic development center shall: Analyze the current opportunities for and participation in the green economy by minority and women-owned business enterprises in Washington; identify existing barriers to their successful participation in the green economy; and develop strategies with specific policy recommendations to improve their successful participation in the green economy. The research may be informed by the research of the Puget Sound regional council prosperity partnership, as well as other entities. The University of Washington business and economic development center shall report to the appropriate committees of the house of representatives and the senate on their research, analysis, and recommendations by December 1, 2008.~~

~~((4))~~ (7) Based on the findings from subsection ~~((3))~~ (6) of this section, the employment security department, in consultation with the department and taking into account the requirements and goals of chapter 14, Laws of 2008 and other state clean energy and energy efficiency policies, shall propose which industries will be considered high-demand green industries, based on current and projected job creation and their strategic importance to the development of the state's green economy. The employment security department and the department shall take into account which jobs within green economy industries will be considered middle or high-wage occupations and occupations that are part of career pathways to the same, based on family-sustaining wage and benefits ranges. These designations, and the results of the employment security department's broader labor market research, shall inform the planning and strategic direction of the department, the state workforce training and education coordinating board, the state board for community and technical colleges, and the higher education coordinating board.

~~((5))~~ (8) The department shall identify emerging technologies and innovations that are likely to contribute to advancements in the green economy, including the activities in designated innovation partnership zones established in RCW 43.330.270.

~~((6))~~ (9) The department, consistent with the priorities established by the state economic development commission, shall:

(a) Develop targeting criteria for existing investments, and make recommendations for new or expanded financial incentives and comprehensive strategies, to recruit, retain, and expand green economy industries and small businesses; and

(b) Make recommendations for new or expanded financial incentives and comprehensive strategies to stimulate research and development of green technology and innovation, including designating innovation partnership zones linked to the green economy.

~~((7))~~ (10) For the purposes of this section, "target populations" means (a) entry-level or incumbent workers ~~((in high-demand green industries))~~ who are in, or are preparing for, middle or high-wage high-demand occupations in the green economy; (b) dislocated workers in declining industries who may be retrained for middle or

high-wage occupations in ((high-demand green industries)) the green economy; (c) ~~((dislocated agriculture, timber, or energy sector workers who may be retrained for high-wage occupations in high-demand green industries; (d))~~ eligible veterans or national guard members; ~~((e))~~ (d) disadvantaged populations; or ~~((f))~~ (e) anyone eligible to participate in the state opportunity grant program under RCW 28B.50.271.

~~((8))~~ (11) The legislature directs the state workforce training and education coordinating board to create and pilot green industry skill panels. These panels shall consist of business representatives from industry sectors related to clean energy, labor unions representing workers in those industries or labor affiliates administering state-approved, joint apprenticeship programs or labor-management partnership programs that train workers for these industries, state and local veterans agencies, employer associations, educational institutions, and local workforce development councils within the region that the panels propose to operate, and other key stakeholders as determined by the applicant. Any of these stakeholder organizations are eligible to receive grants under this section and serve as the intermediary that convenes and leads the panel. Panel applicants must provide labor market and industry analysis that demonstrates high demand, or demand of strategic importance to the development of the state's clean energy economy as identified in this section, for middle or high-wage occupations, or occupations that are part of career pathways to the same, within the relevant industry sector. The panel shall:

(a) Conduct labor market and industry analyses, in consultation with the employment security department, and drawing on the findings of its research when available;

(b) Plan strategies to meet the recruitment and training needs of the industry and small businesses; and

(c) Leverage and align other public and private funding sources.

~~((9))~~ (12) The ~~((green industries))~~ evergreen jobs ((training)) account is created in the state treasury. Funds deposited to the account may include gifts, grants, or endowments from public or private sources, in trust or otherwise. Moneys from the account must be utilized to supplement the state opportunity grant program established under RCW 28B.50.271. All receipts from appropriations directed to the account must be deposited into the account. Expenditures from the account may be used only for the activities identified in this subsection. The state board for community and technical colleges, in consultation with the state workforce training and education coordinating board, informed by the research of the employment security department and the strategies developed in this section, may authorize expenditures from the account. The state board for community and technical colleges must distribute grants from the account on a competitive basis.

(a)(i) Allowable uses of these grant funds, which should be used when other public or private funds are insufficient or unavailable, may include:

(A) Curriculum development;

(B) Transitional jobs strategies for dislocated workers in declining industries who may be retrained for middle or high-wage occupations in green industries;

(C) Workforce education to target populations; ~~((and))~~

(D) Adult basic and remedial education as necessary linked to occupation skills training; and

(E) Coordinated outreach efforts by institutions of higher education and workforce development councils.

(ii) Allowable uses of these grant funds do not include student assistance and support services available through the state opportunity grant program under RCW 28B.50.271.

(b) Applicants eligible to receive these grants may be any organization or a partnership of organizations that has demonstrated expertise in:

(i) Implementing effective education and training programs that meet industry demand; and

(ii) Recruiting and supporting, to successful completion of those training programs carried out under these grants, the target populations of workers.

(c) In awarding grants from the ~~((green industries))~~ evergreen jobs ((training)) account, the state board for community and technical colleges shall give priority to applicants that demonstrate the ability to:

(i) Use labor market and industry analysis developed by the employment security department and green industry skill panels in the design and delivery of the relevant education and training program, and otherwise utilize strategies developed by green industry ~~((skills [skill]))~~ skill panels;

(ii) Leverage and align existing public programs and resources and private resources toward the goal of recruiting, supporting, educating, and training target populations of workers;

(iii) Work collaboratively with other relevant stakeholders in the regional economy;

(iv) Link adult basic and remedial education, where necessary, with occupation skills training;

(v) Involve employers and, where applicable, labor unions in the determination of relevant skills and competencies and, where relevant, the validation of career pathways; and

(vi) Ensure that supportive services, where necessary, are integrated with education and training and are delivered by organizations with direct access to and experience with the targeted population of workers.

(13) The definitions in this subsection apply throughout this section and sections 3 through 5 of this act unless the context clearly requires otherwise.

(a) "Apprentice" means an apprentice enrolled in an apprenticeship training program approved by the Washington state apprenticeship council.

(b) "High-demand occupation" means an occupation with a substantial number of current or projected employment opportunities.

(c) "Labor hours" means the total hours of workers receiving an hourly wage who are directly employed on the site of the project. "Labor hours" includes hours performed by workers employed by the contractor and all subcontractors working on the project. "Labor hours" does not include hours worked by foremen, superintendents, and owners.

**NEW SECTION. Sec. 3.** A new section is added to chapter 28B.50 RCW to read as follows:

(1) The college board shall prioritize workforce training programs that lead to a credential, certificate, or degree in green economy jobs as established in chapter 14, Laws of 2008. For purposes of this section, green economy jobs include those in the primary industries of a green economy including clean energy, high-efficiency building, green transportation, and environmental protection. Prioritization efforts shall include but not be limited to: (a) Prioritization of the use of high employer-demand funding for workforce training programs in green economy jobs. Any additional community and technical college high-demand funding authorized for the 2009-2011 fiscal biennium and thereafter is subject to prioritization; (b) increased outreach efforts to public utilities, education, labor and government, and private industry to develop tailored, green-job training programs; and (c) increased outreach

efforts to target populations. Outreach efforts shall be conducted in partnership with local workforce development councils.

(2) For purposes of this section, "target populations" means veterans, members of the national guard, and low-income and disadvantaged populations.

(3) The definitions in RCW 43.330.310(13) apply to this section.

**NEW SECTION. Sec. 4.** A new section is added to chapter 28C.18 RCW to read as follows:

(1) The board shall prioritize workforce training programs that lead to a credential, certificate, or degree in green economy jobs as established in chapter 14, Laws of 2008. For purposes of this section, green economy jobs include those in the primary industries of a green economy, including clean energy, high-efficiency building, green transportation, and environmental protection. Prioritization efforts shall include but not be limited to: (a) Prioritization of the use of high employer-demand funding for workforce training programs in green economy jobs; (b) increased outreach efforts to public utilities, education, labor and government, and private industry to develop tailored, green-job training programs; and (c) increased outreach efforts to target populations. Outreach efforts shall be conducted in partnership with local workforce development councils.

(2) For purposes of this section, "target populations" means veterans, members of the national guard, and low-income and disadvantaged populations.

(3) The definitions in RCW 43.330.310(13) apply to this section.

**NEW SECTION. Sec. 5.** A new section is added to chapter 49.04 RCW to read as follows:

(1) The council shall prioritize workforce training programs that lead to apprenticeship programs in green economy jobs as established in chapter 14, Laws of 2008. For purposes of this section, green economy jobs include those in the primary industries of a green economy, including clean energy, high-efficiency building, green transportation, and environmental protection. Prioritization efforts shall include but not be limited to: (a) Prioritization of the use of high employer-demand funding for workforce training programs in green economy jobs; (b) increased outreach efforts to public utilities, education, labor and government, and private industry to develop tailored, green-job training programs; and (c) increased outreach efforts to target populations. Outreach efforts shall be conducted in partnership with local workforce development councils.

(2) For purposes of this section, "target populations" means veterans, members of the national guard, and low-income and disadvantaged populations.

(3) The definitions in RCW 43.330.310(13) apply to this section.

**NEW SECTION. Sec. 6.** This act may be known and cited as the evergreen jobs act."

Correct the title.

Representative Probst moved the adoption of amendment (245) to amendment (195):

On page 3, line 28 of the striking amendment, after "**(b)**" insert: "Create a more focused definition of green jobs, including but not limited to jobs that promote energy efficiency and conservation, sustainable materials, and production of alternative, sustainable energy, and report progress to the appropriate committees of the legislature.

**(c)**"

Renumber the subsections accordingly.

Representative Probst spoke in favor of the adoption of the amendment to amendment (195).

Amendment (245) to amendment (195) was adopted.

Representative Ericksen moved the adoption of amendment (203) to amendment (195):

On page 10, line 24 of the striking amendment, after "jobs" insert ", provided that the programs meet minimum criteria for identification as a high demand program of study as defined by the state board for community and technical colleges"

Representatives Ericksen, Kenney and Anderson spoke in favor of the adoption of the amendment to amendment (195).

Amendment (203) to amendment (195) was adopted.

Representative Rodne moved the adoption of amendment (225) to amendment (195):

On page 10, line 6 of the striking amendment, after "(b)" insert "(i) "Green economy jobs" includes jobs that are related to new technology developments in clean energy, including industries involving agriculture, forestry, wind, water, nuclear, solar, and biomass. These jobs include the manufacturing and servicing of parts and facilities used specifically in these industries.

(ii) "Green economy jobs" does not include: Government employees; property, real estate, and community-association employees; social and community service employees; accountants and auditors; appraisers and assessors of real estate; personal financial advisors; loan officers; computer support specialists; network computer systems administrators; statisticians; surveyors; economists; market research analysts; urban and regional planners; anthropologists and archaeologists; social science research assistants; life, physical, and social science technicians; social and human service assistants; lawyers; professors, teachers, or instructors at educational institutions; library workers; fine artists; interior designers; public relations specialists; editors; writers; firefighting prevention workers unless employed by a clean technology facility; janitors and cleaners; pest control workers; nonfarm animal caretakers; tour guides and escorts; utility meter readers; cement masons and concrete finishers; automotive body and related repairers; automotive service technicians and mechanics; bus and truck mechanics; mobile heavy equipment mechanics; mechanical door repairers; air traffic controllers; drivers of any type of fossil-fuel powered vehicle; traffic technicians; and cleaners of vehicles and equipment.

(c)"

Reletter the subsections consecutively and correct any internal references accordingly.

On page 10, line 18, after "2008." strike "For purposes of this section, green economy jobs include those in the primary industries of a green economy including clean energy, green building, green transportation, and environmental protection."

On page 11, line 5, after "2008." strike "For purposes of this section, green economy jobs include those in the primary industries of a green economy including clean energy, green building, green transportation, and environmental protection."

On page 11, line 24, after "2008." strike "For purposes of this section, green economy jobs include those in the primary industries

of a green economy including clean energy, green building, green transportation, and environmental protection."

Representatives Rodne and Orcutt spoke in favor of the adoption of the amendment to amendment (195).

Representative Ormsby spoke against the adoption of the amendment to amendment (195).

Amendment (225) to amendment (195) was not adopted.

Representative Ericksen moved the adoption of amendment (229) to amendment (195):

On page 10, line 6, after "(b)" insert "Green economy jobs" means, but is not limited to: aerospace industry workers, machinists, sheet metal workers, heat and frost insulators, welders, fabricators, electrical workers, pipefitters, electricians, forest product workers, bricklayers, operating engineers, painters, mason, plumbers, mine workers, nursing industry workers, roofers, utility workers, farmworkers, agricultural equipment industry workers, and farmers.

(c)"

Renumber the sections consecutively and correct any internal references accordingly.

Representatives Ericksen and DeBolt spoke in favor of the adoption of the amendment to amendment (195).

Representative Dunshee spoke against the adoption of the amendment to amendment (195).

Amendment (229) to amendment (195) was not adopted.

Amendment (195) as amended was adopted. The bill was order engrossed.

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

Representative Probst spoke in favor of the passage of the bill.

#### POINT OF ORDER

Representative Ericksen: "Mr. Speaker, I rise to a point of order on impugning the motives with the line of 'playing around with politics here on the House floor.'"

#### SPEAKER'S RULING

Mr. Speaker (Representative Morris presiding): "Representative Ericksen, your point is well taken. The line is impugning the motives of members on the floor. Your remarks are out of order, Representative Probst but please continue. If you are out of order again, you will lose your speaking turn."

Representatives Probst (again), Anderson, Priest and Hunter spoke in favor of the passage of the bill.

Representative Hinkle spoke against the passage of the bill.

The Speaker (Representative Morris presiding) stated the question before the House to be the final passage of Engrossed Second Substitute House Bill No. 2227.

### ROLL CALL

The Clerk called the roll on the final passage of Engrossed Second Substitute House Bill No. 2227 and the bill passed the House by the following vote: Yeas, 76; Nays, 19; Absent, 0; Excused, 2.

Voting yea: Representatives Alexander, Anderson, Appleton, Bailey, Blake, Campbell, Carlyle, Chase, Clibborn, Cody, Conway, Cox, Dammeier, Darneille, DeBolt, Dickerson, Driscoll, Dunshee, Eddy, Ericks, Finn, Goodman, Grant-Herriot, Green, Haigh, Hasegawa, Herrera, Hope, Hudgins, Hunt, Hunter, Hurst, Jacks, Kagi, Kelley, Kenney, Kessler, Kirby, Liias, Linville, Maxwell, McCoy, Miloscia, Moeller, Morrell, Morris, Nelson, O'Brien, Ormsby, Orwall, Parker, Pearson, Pedersen, Pettigrew, Priest, Probst, Quall, Roberts, Rodne, Rolfes, Santos, Schmick, Seaquist, Sells, Short, Simpson, Smith, Springer, Sullivan, Takko, Upthegrove, Van De Wege, Wallace, White, Williams, Wood and Mr. Speaker.

Voting nay: Representatives Angel, Armstrong, Chandler, Condotta, Crouse, Ericksen, Haler, Hinkle, Johnson, Klippert, Kretz, Kristiansen, McCune, Orcutt, Roach, Ross, Short, Walsh and Warnick.

Excused: Representatives Flannigan and Shea.

ENGROSSED SECOND SUBSTITUTE HOUSE BILL NO. 2227, having received the necessary constitutional majority, was declared passed.

### STATEMENT FOR THE JOURNAL

I intended to vote NAY on ENGROSSED SECOND SUBSTITUTE HOUSE BILL NO. 2227.

KIRK PEARSON, 39th District

### SECOND READING

#### HOUSE BILL NO. 1184, by Representative Chase

**Extending the loan repayment period for municipally funded conservation projects.**

The bill was read the second time.

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

Representatives Chase and Crouse spoke in favor of the passage of the bill.

The Speaker (Representative Morris presiding) stated the question before the House to be the final passage of House Bill No. 1184.

### ROLL CALL

The Clerk called the roll on the final passage of House Bill No. 1184 and the bill passed the House by the following vote: Yeas, 91; Nays, 4; Absent, 0; Excused, 2.

Voting yea: Representatives Alexander, Angel, Appleton, Armstrong, Bailey, Blake, Campbell, Carlyle, Chase, Clibborn, Cody,

Condotta, Conway, Cox, Crouse, Dammeier, Darneille, Dickerson, Driscoll, Dunshee, Eddy, Ericks, Finn, Goodman, Grant-Herriot, Green, Haigh, Haler, Hasegawa, Herrera, Hinkle, Hope, Hudgins, Hunt, Hunter, Hurst, Jacks, Johnson, Kagi, Kelley, Kenney, Kessler, Kirby, Klippert, Kretz, Kristiansen, Liias, Linville, Maxwell, McCoy, McCune, Miloscia, Moeller, Morrell, Morris, Nelson, O'Brien, Orcutt, Ormsby, Orwall, Parker, Pearson, Pedersen, Pettigrew, Priest, Probst, Quall, Roach, Roberts, Rodne, Rolfes, Ross, Santos, Schmick, Seaquist, Sells, Short, Simpson, Smith, Springer, Sullivan, Takko, Upthegrove, Van De Wege, Wallace, Walsh, Warnick, White, Williams, Wood and Mr. Speaker.

Voting nay: Representatives Anderson, Chandler, DeBolt and Ericksen.

Excused: Representatives Flannigan and Shea.

HOUSE BILL NO. 1184, having received the necessary constitutional majority, was declared passed.

**HOUSE BILL NO. 1373, by Representatives Dickerson, Kagi, Green, Cody, Darneille, Dunshee, Roberts, Goodman, Appleton, Kenney, Orwall, Hurst, Moeller, Takko, Chase, Rolfes, Carlyle, Simpson, Nelson, Conway and Ormsby**

#### Concerning children's mental health services.

The bill was read the second time.

There being no objection, Second Substitute House Bill No. 1373 was substituted for House Bill No. 1373 and the second substitute bill was placed on the second reading calendar.

SECOND SUBSTITUTE HOUSE BILL NO. 1373 was read the second time.

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

Representative Dickerson spoke in favor of the passage of the bill.

Representative Alexander spoke against the passage of the bill.

The Speaker (Representative Morris presiding) stated the question before the House to be the final passage of Second Substitute House Bill No. 1373.

### ROLL CALL

The Clerk called the roll on the final passage of Second Substitute House Bill No. 1373 and the bill passed the House by the following vote: Yeas, 66; Nays, 29; Absent, 0; Excused, 2.

Voting yea: Representatives Appleton, Blake, Campbell, Carlyle, Chase, Clibborn, Cody, Conway, Dammeier, Darneille, Dickerson, Driscoll, Dunshee, Eddy, Ericks, Finn, Goodman, Green, Haigh, Hasegawa, Hope, Hudgins, Hunt, Hunter, Hurst, Jacks, Kagi, Kelley, Kenney, Kessler, Kirby, Liias, Linville, Maxwell, McCoy, Miloscia, Moeller, Morrell, Morris, Nelson, O'Brien, Ormsby, Orwall, Parker, Pedersen, Pettigrew, Priest, Probst, Quall, Roberts, Rolfes, Santos, Seaquist, Sells, Simpson, Smith, Springer, Sullivan, Takko, Upthegrove, Van De Wege, Wallace, White, Williams, Wood and Mr. Speaker.

Voting nay: Representatives Alexander, Anderson, Angel, Armstrong, Bailey, Chandler, Condotta, Cox, Crouse, DeBolt, Ericksen, Grant-Herriot, Haler, Herrera, Hinkle, Johnson, Klippert, Kretz, Kristiansen, McCune, Orcutt, Pearson, Roach, Rodne, Ross, Schmick, Short, Walsh and Warnick.

Excused: Representatives Flannigan and Shea.

SECOND SUBSTITUTE HOUSE BILL NO. 1373, having received the necessary constitutional majority, was declared passed.

**HOUSE BILL NO. 1701, by Representatives Hudgins, McCoy and Hasegawa**

**Authorizing the department of information services to engage in high-speed internet activities.**

The bill was read the second time.

There being no objection, Second Substitute House Bill No. 1701 was substituted for House Bill No. 1701 and the second substitute bill was placed on the second reading calendar.

SECOND SUBSTITUTE HOUSE BILL NO. 1701 was read the second time.

Representative Hudgins moved the adoption of amendment (220):

Strike everything after the enacting clause and insert the following:

**"NEW SECTION. Sec. 1.** It is the intent of the legislature to pursue deployment and adoption of high-speed internet services in the state to promote economic development and the creation of green jobs, with the ultimate goal of making high-speed internet more readily available throughout the state.

**NEW SECTION. Sec. 2.** A new section is added to chapter 43.105 RCW to read as follows:

(1) The department is designated as an eligible entity for purposes of the broadband data improvement act, P.L. 110-385.

(2) The department is authorized to receive federal funds made available for broadband or high-speed internet purposes according to the provisions of the acts of congress making the funds available. Funds must be expended in accordance with federal and state law and any conditions contingent in the grant of those funds.

**NEW SECTION. Sec. 3.** A new section is added to chapter 43.105 RCW to read as follows:

(1) Subject to the availability of federal or state funding appropriated for this specific purpose, the department shall implement a high-speed internet deployment and adoption strategy on behalf of the state, beginning in areas with an uptake rate for high-speed internet below the state median. Implementation of the strategy may include:

(a) Developing an interactive web site to allow residents to self-report whether high-speed internet is available at their home or residence and at what speed;

(b) Soliciting and receiving gifts, grants, and bequests for high-speed internet deployment and adoption efforts; and

(c) Conducting a detailed survey of all high-speed internet infrastructure owned or leased by state agencies and creating a geographic information system map of all high-speed internet infrastructure owned or leased by the state.

(2) State agencies responding to a survey request from the department under subsection (1)(c) of this section shall respond in a reasonable and timely manner, not to exceed one hundred twenty days. State agencies, if surveyed, shall disclose to the department, at a minimum:

(a) The total bandwidth of high-speed internet infrastructure owned or leased;

(b) The cost of maintaining that high-speed internet infrastructure, if owned, or the price paid for the high-speed internet infrastructure, if leased; and

(c) The leasing entity, if applicable.

(3) The department may adopt rules as necessary to carry out the provisions of this section.

(4) For purposes of this section, "state agency" includes every state office, department, division, bureau, board, commission, or other state agency.

**NEW SECTION. Sec. 4.** A new section is added to chapter 43.105 RCW to read as follows:

(1) The department is authorized, through a competitive bidding process, to procure on behalf of the state a geographic information system map detailing high-speed internet infrastructure, service availability, and adoption. This geographic information system map may include adoption information, availability information, type of high-speed internet deployment technology, and available speed tiers for high-speed internet based on publicly available form 477 aggregated data collected by the federal communications commission.

(2) The department may procure this map either by:

(a) Contracting for and purchasing a completed map from a third party; or

(b) Working directly with the federal communications commission to accept publicly available data based on form 477 data.

**Sec. 5.** RCW 43.105.350 and 2008 c 262 s 3 are each amended to read as follows:

(1) For purposes of ~~((compliance with section 2, chapter 262, Laws of 2008 or))~~ any ~~((subsequent))~~ state high-speed internet deployment and adoption initiative, the department of information services, the department of community, trade, and economic development, the utilities and transportation commission, and any other government agent or agency shall not ~~((gather or request any information related to high-speed internet infrastructure or service from))~~ require providers of telecommunications or high-speed internet services ~~((that is))~~ to provide information related to high-speed internet infrastructure or service that may be classified by the provider as proprietary or competitively sensitive, but may accept, store, and use such information if voluntarily offered by the provider or if provided by the federal government to facilitate implementation of a high-speed internet deployment and adoption initiative.

(2) Nothing in this section may be construed as limiting the authority of a state agency or local government to gather or request information from providers of telecommunications or high-speed internet services for other purposes pursuant to its statutory authority."

Correct the title.

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

Amendment (220) was adopted. The bill was ordered engrossed.

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

Representatives Hudgins, Crouse and Rodne spoke in favor of the passage of the bill.

The Speaker (Representative Morris presiding) stated the question before the House to be the final passage of Engrossed Second Substitute House Bill No. 1701.

### ROLL CALL

The Clerk called the roll on the final passage of Engrossed Second Substitute House Bill No. 1701 and the bill passed the House by the following vote: Yeas, 93; Nays, 2; Absent, 0; Excused, 2.

Voting yea: Representatives Alexander, Anderson, Angel, Appleton, Armstrong, Bailey, Blake, Campbell, Carlyle, Chandler, Chase, Clibborn, Cody, Conway, Cox, Crouse, Dammeier, Darneille, DeBolt, Dickerson, Driscoll, Dunshee, Eddy, Ericks, Ericksen, Finn, Goodman, Grant-Herriot, Green, Haigh, Haler, Hasegawa, Herrera, Hope, Hudgins, Hunt, Hunter, Hurst, Jacks, Johnson, Kagi, Kelley, Kenney, Kessler, Kirby, Klippert, Kretz, Kristiansen, Lias, Linville, Maxwell, McCoy, McCune, Miloscia, Moeller, Morrell, Morris, Nelson, O'Brien, Orcutt, Ormsby, Orwall, Parker, Pearson, Pedersen, Pettigrew, Priest, Probst, Quall, Roach, Roberts, Rodne, Rolfes, Ross, Santos, Schmick, Seaquist, Sells, Short, Simpson, Smith, Springer, Sullivan, Takko, Upthegrove, Van De Wege, Wallace, Walsh, Warnick, White, Williams, Wood and Mr. Speaker.

Voting nay: Representatives Condotta and Hinkle.

Excused: Representatives Flannigan and Shea.

ENGROSSED SECOND SUBSTITUTE HOUSE BILL NO. 1701, having received the necessary constitutional majority, was declared passed.

**HOUSE BILL NO. 1741, by Representatives Darneille, Quall, Lias, Santos, Van De Wege, Goodman, Dickerson, Jacks, Hurst, Haigh, Pettigrew, Kenney, Dammeier and Morrell**

**Expanding the list of crimes that require dismissal or certificate revocation for school employees.**

The bill was read the second time.

There being no objection, Substitute House Bill No. 1741 was substituted for House Bill No. 1741 and the substitute bill was placed on the second reading calendar.

SUBSTITUTE HOUSE BILL NO. 1741 was read the second time.

Representative Darneille moved the adoption of amendment (090):

On page 4, line 34, after "administrator." insert "Such written complaint shall state the grounds and summarize the factual basis upon which a determination has been made that an investigation by the superintendent of public instruction is warranted."

On page 9, beginning on line 31, strike all of section 9

Renumber the remaining sections consecutively and correct any internal references accordingly.

Correct the title.

Representatives Darneille and Dammeier spoke in favor of the adoption of the amendment.

Amendment (090) was adopted. The bill was ordered engrossed.

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

Representatives Darneille and Dammeier spoke in favor of the passage of the bill.

The Speaker (Representative Morris presiding) stated the question before the House to be the final passage of Engrossed Substitute House Bill No. 1741.

### ROLL CALL

The Clerk called the roll on the final passage of Engrossed Substitute House Bill No. 1741 and the bill passed the House by the following vote: Yeas, 95; Nays, 0; Absent, 0; Excused, 2.

Voting yea: Representatives Alexander, Anderson, Angel, Appleton, Armstrong, Bailey, Blake, Campbell, Carlyle, Chandler, Chase, Clibborn, Cody, Condotta, Conway, Cox, Crouse, Dammeier, Darneille, DeBolt, Dickerson, Driscoll, Dunshee, Eddy, Ericks, Ericksen, Finn, Goodman, Grant-Herriot, Green, Haigh, Haler, Hasegawa, Herrera, Hinkle, Hope, Hudgins, Hunt, Hunter, Hurst, Jacks, Johnson, Kagi, Kelley, Kenney, Kessler, Kirby, Klippert, Kretz, Kristiansen, Lias, Linville, Maxwell, McCoy, McCune, Miloscia, Moeller, Morrell, Morris, Nelson, O'Brien, Orcutt, Ormsby, Orwall, Parker, Pearson, Pedersen, Pettigrew, Priest, Probst, Quall, Roach, Roberts, Rodne, Rolfes, Ross, Santos, Schmick, Seaquist, Sells, Short, Simpson, Smith, Springer, Sullivan, Takko, Upthegrove, Van De Wege, Wallace, Walsh, Warnick, White, Williams, Wood and Mr. Speaker.

Excused: Representatives Flannigan and Shea.

ENGROSSED SUBSTITUTE HOUSE BILL NO. 1741, having received the necessary constitutional majority, was declared passed.

**HOUSE BILL NO. 1747, by Representatives Rolfes, Chase, Upthegrove, Hasegawa, Eddy, Lias, Ormsby, Pedersen, Dunshee, McCoy, Morris, Carlyle, Dickerson, Hudgins, Moeller, Sells, Kenney, White and Nelson**

**Reducing climate pollution in the built environment.**

The bill was read the second time.

There being no objection, Second Substitute House Bill No. 1747 was substituted for House Bill No. 1747 and the second substitute bill was placed on the second reading calendar.

SECOND SUBSTITUTE HOUSE BILL NO. 1747 was read the second time.

Representative Rolfes moved the adoption of amendment (246):

Strike everything after the enacting clause and insert the following:

**"NEW SECTION. Sec. 1.** The legislature finds that energy efficiency is the cheapest, quickest, and cleanest way to meet rising energy needs, confront climate change, and boost our economy. More than thirty percent of Washington's greenhouse gas emissions come from energy use in buildings. Making homes, businesses, and

public institutions more energy efficient will save money, create good local jobs, enhance energy security, reduce pollution that causes global warming, and speed economic recovery while reducing the need to invest in costly new generation. Washington can spur its economy and assert its regional and national clean energy leadership by putting efficiency first. Washington can accomplish this by: Promoting super efficient, low-energy use building codes; requiring disclosure of buildings' energy use to prospective buyers; making public buildings models of energy efficiency; financing energy saving upgrades to existing buildings; and reducing utility bills for low-income households.

**NEW SECTION. Sec. 2.** The definitions in this section apply to sections 1 through 3 and 5 through 8 of this act and RCW 19.27A.020 unless the context clearly requires otherwise.

(1) "Benchmark" means the energy used by a facility as recorded monthly for at least one year and the facility characteristics information inputs required for a portfolio manager.

(2) "Conditioned space" means conditioned space, as defined in the Washington state energy code.

(3) "Consumer-owned utility" includes a municipal electric utility formed under Title 35 RCW, a public utility district formed under Title 54 RCW, an irrigation district formed under chapter 87.03 RCW, a cooperative formed under chapter 23.86 RCW, a mutual corporation or association formed under chapter 24.06 RCW, a port district formed under Title 53 RCW, or a water-sewer district formed under Title 57 RCW, that is engaged in the business of distributing electricity to one or more retail electric customers in the state.

(4) "Cost-effectiveness" means that a project or resource is forecast:

(a) To be reliable and available within the time it is needed; and

(b) To meet or reduce the power demand of the intended consumers at an estimated incremental system cost no greater than that of the least-cost similarly reliable and available alternative project or resource, or any combination thereof.

(5) "Council" means the state building code council.

(6) "Department" means the department of community, trade, and economic development.

(7) "Embodied energy" means the total amount of fossil fuel energy consumed to extract raw materials and to manufacture, assemble, transport, and install the materials in a building and the life-cycle cost benefits including the recyclability and energy efficiencies with respect to building materials, taking into account the total sum of current values for the costs of investment, capital, installation, operating, maintenance, and replacement as estimated for the lifetime of the product or project.

(8) "Energy consumption data" means the monthly amount of energy consumed by a customer as recorded by the applicable energy meter for the most recent twelve-month period.

(9) "Energy service company" has the same meaning as in RCW 43.19.670.

(10) "General administration" means the department of general administration.

(11) "Greenhouse gas" and "greenhouse gases" includes carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, and sulfur hexafluoride.

(12) "Investment grade energy audit" means an intensive engineering analysis of energy efficiency and management measures for the facility, net energy savings, and a cost-effectiveness determination.

(13) "Investor-owned utility" means a corporation owned by investors that meets the definition of "corporation" as defined in

RCW 80.04.010 and is engaged in distributing either electricity or natural gas, or both, to more than one retail electric customer in the state.

(14) "Major facility" means any publicly owned or leased building, or a group of such buildings at a single site, having ten thousand square feet or more of conditioned floor space.

(15) "National energy performance rating" means the score provided by the energy star program, to indicate the energy efficiency performance of the building compared to similar buildings in that climate as defined in the United States environmental protection agency "ENERGY STAR® Performance Ratings Technical Methodology."

(16) "Net zero energy use" means a building with net energy consumption of zero over a typical year.

(17) "Portfolio manager" means the United States environmental protection agency's energy star portfolio manager or an equivalent tool adopted by the department.

(18) "Preliminary energy audit" means a quick evaluation by an energy service company of the energy savings potential of a building.

(19) "Qualifying public agency" includes all state agencies, colleges, and universities.

(20) "Qualifying utility" means a consumer-owned or investor-owned gas or electric utility that serves more than twenty-five thousand customers in the state of Washington.

(21) "Reporting public facility" means any of the following:

(a) A building or structure, or a group of buildings or structures at a single site, owned by a qualifying public agency, that exceed ten thousand square feet of conditioned space;

(b) Buildings, structures, or spaces leased by a qualifying public agency that exceeds ten thousand square feet of conditioned space, where the qualifying public agency purchases energy directly from the investor-owned or consumer-owned utility;

(c) A wastewater treatment facility owned by a qualifying public agency; or

(d) Other facilities selected by the qualifying public agency.

(22) "State portfolio manager master account" means a portfolio manager account established to provide a single shared portfolio that includes reports for all the reporting public facilities.

**NEW SECTION. Sec. 3.** (1) The department shall develop and implement a strategic plan for enhancing energy efficiency in and reducing greenhouse gas emissions from homes, buildings, districts, and neighborhoods. The strategic plan must be used to help direct the future code increases in RCW 19.27A.020, with targets for new buildings consistent with section 5 of this act. The strategic plan will identify barriers to achieving net zero energy use in homes and buildings and identify how to overcome these barriers in future energy code updates and through complementary policies.

(2) The department must complete and release the strategic plan to the legislature and the council by December 31, 2010, and update the plan every three years.

(3) The strategic plan must include recommendations to the council on energy code upgrades. At a minimum, the strategic plan must:

(a) Consider development of aspirational codes separate from the state energy code that contain economically and technically feasible optional standards that could achieve higher energy efficiency for those builders that elected to follow the aspirational codes in lieu of or in addition to complying with the standards set forth in the state energy code;

(b) Determine the appropriate methodology to measure achievement of state energy code targets using the United States

environmental protection agency's target finder program or equivalent methodology;

(c) Address the need for enhanced code training and enforcement;

(d) Include state strategies to support research, demonstration, and education programs designed to achieve a seventy percent reduction in annual net energy consumption as specified in section 5 of this act and enhance energy efficiency and on-site renewable energy production in buildings;

(e) Recommend incentives, education, training programs and certifications, particularly state-approved training or certification programs, joint apprenticeship programs, or labor-management partnership programs that train workers for energy-efficiency projects to ensure proposed programs are designed to increase building professionals' ability to design, construct, and operate buildings that will meet the seventy percent reduction in annual net energy consumption as specified in section 5 of this act;

(f) Address barriers for utilities to serve net zero energy homes and buildings and policies to overcome those barriers;

(g) Address the limits of a prescriptive code in achieving net zero energy use homes and buildings and propose a transition to performance-based codes;

(h) Identify financial mechanisms such as tax incentives, rebates, and innovative financing to motivate energy consumers to take action to increase energy efficiency and their use of on-site renewable energy. Such incentives, rebates, or financing options may consider the role of government programs as well as utility-sponsored programs;

(i) Address the adequacy of education and technical assistance, including school curricula, technical training, and peer-to-peer exchanges for professional and trade audiences;

(j) Develop strategies to develop and install district and neighborhood-wide energy systems that help meet net zero energy use in homes and buildings;

(k) Identify costs and benefits of energy efficiency measures on residential and nonresidential construction; and

(l) Investigate methodologies and standards for the measurement of the amount of embodied energy used in building materials.

(4) The department and the council shall convene a work group to inform the initial development of the strategic plan. Membership of the work group may include, but is not limited to, representatives from:

(a) A municipal code enforcement officer employed by a municipality;

(b) A residential builder, recommended by a statewide association representing residential contractors;

(c) A commercial builder, recommended by a statewide association representing commercial general contractors;

(d) An architect licensed in the state who is knowledgeable of environmentally sound building practices and standards, recommended by the American institute of architects Washington chapter;

(e) A professional engineer licensed in Washington state, recommended by a statewide association of structural engineers;

(f) A historic preservation representative, recommended by the Washington historic preservation commission, with experience implementing the state's standards for the treatment of historic properties;

(g) A conservation group working in energy efficiency;

(h) The Northwest power planning and conservation council;

(i) An investor-owned utility providing electricity service;

(j) An investor-owned utility providing natural gas service;

(k) A public utility district;

(l) A municipal electric utility;

(m) An electric cooperative;

(n) A representative of the energy services companies industry;

(o) A representative from the legal profession;

(p) A representative from a financial institution or entity familiar with municipal bonds;

(q) An electrical engineer licensed in Washington state, recommended by a statewide association of electrical engineers;

(r) A consulting design firm working on building renewable energy solutions;

(s) A representative from a labor union representing workers in energy or building and construction industries or labor affiliates administering state-approved, joint apprenticeship programs or labor-management partnership programs that train workers for these industries;

(t) A representative of an equipment manufacturer;

(u) A mechanical HVAC engineer licensed in Washington state, recommended by a statewide association of mechanical HVAC engineers;

(v) A commercial or industrial developer, recommended by the national association of industrial office properties;

(w) A realtor, recommended by a statewide association of realtors;

(x) A construction materials supplier, recommended by a statewide aggregate and concrete association; and

(y) A rental housing property owner, recommended by a statewide multifamily housing association.

**Sec. 4.** RCW 19.27A.020 and 1998 c 245 s 8 are each amended to read as follows:

(1) ~~((No later than January 1, 1991,))~~ The state building code council shall adopt rules to be known as the Washington state energy code as part of the state building code.

(2) The council shall follow the legislature's standards set forth in this section to adopt rules to be known as the Washington state energy code. The Washington state energy code shall be designed to:

(a) Construct increasingly energy efficient homes and buildings that help achieve the broader goal of building zero fossil-fuel greenhouse gas emission homes and buildings by the year 2031;

(b) Require new buildings to meet a certain level of energy efficiency, but allow flexibility in building design, construction, and heating equipment efficiencies within that framework~~((The Washington state energy code shall be designed to)); and~~

(c) Allow space heating equipment efficiency to offset or substitute for building envelope thermal performance.

(3) The Washington state energy code shall take into account regional climatic conditions. Climate zone 1 shall include all counties not included in climate zone 2. Climate zone 2 includes: Adams, Chelan, Douglas, Ferry, Grant, Kittitas, Lincoln, Okanogan, Pend Oreille, Spokane, Stevens, and Whitman counties.

(4) The Washington state energy code for residential buildings shall ~~((require:~~

~~—(a) New residential buildings that are space heated with electric resistance heating systems to achieve energy use equivalent to that used in typical buildings constructed with:~~

~~—(i) Ceilings insulated to a level of R-38. The code shall contain an exception which permits single rafter or joist vaulted ceilings insulated to a level of R-30 (R value includes insulation only);~~

~~—(ii) In zone 1, walls insulated to a level of R-19 (R value includes insulation only), or constructed with two by four members, R-13 insulation batts, R-3.2 insulated sheathing, and other normal assembly components; in zone 2 walls insulated to a level of R-24 (R~~

value includes insulation only), or constructed with two by six members, R-22 insulation batts, R-3.2 insulated sheathing, and other normal construction assembly components; for the purpose of determining equivalent thermal performance, the wall U-value shall be 0.058 in zone 1 and 0.044 in zone 2;

—(iii) Below grade walls, insulated on the interior side, to a level of R-19 or, if insulated on the exterior side, to a level of R-10 in zone 1 and R-12 in zone 2 (R value includes insulation only);

—(iv) Floors over unheated spaces insulated to a level of R-30 (R value includes insulation only);

—(v) Slab on grade floors insulated to a level of R-10 at the perimeter;

—(vi) Double glazed windows with values not more than U-0.4;

—(vii) In zone 1 the glazing area may be up to twenty-one percent of floor area and in zone 2 the glazing area may be up to seventeen percent of floor area where consideration of the thermal resistance values for other building components and solar heat gains through the glazing result in thermal performance equivalent to that achieved with thermal resistance values for other components determined in accordance with the equivalent thermal performance criteria of (a) of this subsection and glazing area equal to fifteen percent of the floor area. Throughout the state for the purposes of determining equivalent thermal performance, the maximum glazing area shall be fifteen percent of the floor area; and

—(viii) Exterior doors insulated to a level of R-5; or an exterior wood door with a thermal resistance value of less than R-5 and values for other components determined in accordance with the equivalent thermal performance criteria of (a) of this subsection.

—(b) New residential buildings which are space-heated with all other forms of space heating to achieve energy use equivalent to that used in typical buildings constructed with:

—(i) Ceilings insulated to a level of R-30 in zone 1 and R-38 in zone 2 the code shall contain an exception which permits single rafter or joist vaulted ceilings insulated to a level of R-30 (R value includes insulation only);

—(ii) Walls insulated to a level of R-19 (R value includes insulation only), or constructed with two by four members, R-13 insulation batts, R-3.2 insulated sheathing, and other normal assembly components;

—(iii) Below grade walls, insulated on the interior side, to a level of R-19 or, if insulated on the exterior side, to a level of R-10 in zone 1 and R-12 in zone 2 (R value includes insulation only);

—(iv) Floors over unheated spaces insulated to a level of R-19 in zone 1 and R-30 in zone 2 (R value includes insulation only);

—(v) Slab on grade floors insulated to a level of R-10 at the perimeter;

—(vi) Heat pumps with a minimum heating season performance factor (HSPF) of 6.8 or with all other energy sources with a minimum annual fuel utilization efficiency (AFUE) of seventy-eight percent;

—(vii) Double glazed windows with values not more than U-0.65 in zone 1 and U-0.60 in zone 2. The state building code council, in consultation with the department of community, trade, and economic development, shall review these U-values, and, if economically justified for consumers, shall amend the Washington state energy code to improve the U-values by December 1, 1993. The amendment shall not take effect until July 1, 1994; and

—(viii) In zone 1, the maximum glazing area shall be twenty-one percent of the floor area. In zone 2 the maximum glazing area shall be seventeen percent of the floor area. Throughout the state for the purposes of determining equivalent thermal performance, the maximum glazing area shall be fifteen percent of the floor area.

—(c) The requirements of (b)(ii) of this subsection do not apply to residences with log or solid timber walls with a minimum average thickness of three and one-half inches and with space heat other than electric resistance.

—(d) The state building code council may approve an energy code for pilot projects of residential construction that use innovative energy efficiency technologies intended to result in savings that are greater than those realized in the levels specified in this section.

—(5) U-values for glazing shall be determined using the area weighted average of all glazing in the building. U-values for vertical glazing shall be determined, certified, and labeled in accordance with the appropriate national fenestration rating council (NFRC) standard, as determined and adopted by the state building code council. Certification of U-values shall be conducted by a certified, independent agency licensed by the NFRC. The state building code council may develop and adopt alternative methods of determining, certifying, and labeling U-values for vertical glazing that may be used by fenestration manufacturers if determined to be appropriate by the council. The state building code council shall review and consider the adoption of the NFRC standards for determining, certifying, and labeling U-values for doors and skylights when developed and published by the NFRC. The state building code council may develop and adopt appropriate alternative methods for determining, certifying, and labeling U-values for doors and skylights. U-values for doors and skylights determined, certified, and labeled in accordance with the appropriate NFRC standard shall be acceptable for compliance with the state energy code. Sealed insulation glass, where used, shall conform to, or be in the process of being tested for, ASTM E-774-81 class A or better) be the 2006 edition of the Washington state energy code, or as amended by rule by the council.

((6)) (5) The minimum state energy code for new nonresidential buildings shall be the Washington state energy code, ((1986)) 2006 edition, or as amended by the council by rule.

((7)) (6)(a) Except as provided in (b) of this subsection, the Washington state energy code for residential structures shall preempt the residential energy code of each city, town, and county in the state of Washington.

(b) The state energy code for residential structures does not preempt a city, town, or county's energy code for residential structures which exceeds the requirements of the state energy code ((and which was adopted by the city, town, or county prior to March 1, 1990. Such cities, towns, or counties may not subsequently amend their energy code for residential structures to exceed the requirements adopted prior to March 1, 1990)).

((8)) (7) The state building code council shall consult with the department of community, trade, and economic development as provided in RCW 34.05.310 prior to publication of proposed rules. ((The department of community, trade, and economic development shall review the proposed rules for consistency with the guidelines adopted in subsection (4) of this section.)) The director of the department of community, trade, and economic development shall recommend to the state building code council any changes necessary to conform the proposed rules to the requirements of this section.

(8) The state building code council shall evaluate and consider adoption of the international energy conservation code in Washington state in place of the existing state energy code.

(9) The definitions in section 2 of this act apply throughout this section.

**NEW SECTION. Sec. 5.** (1) Except as provided in subsection (2) of this section, residential and nonresidential construction permitted under the 2031 state energy code must achieve a seventy

percent reduction in annual net energy consumption, using the adopted 2006 Washington state energy code as a baseline.

(2) The council shall adopt state energy codes from 2013 through 2031 that incrementally move towards achieving the seventy percent reduction in annual net energy consumption as specified in subsection (1) of this section. The council shall report its progress by December 31, 2012, and every three years thereafter. If the council determines that economic, technological, or process factors would significantly impede adoption of or compliance with this subsection, the council may defer the implementation of the proposed energy code update and shall report its findings to the legislature by December 31st of the year prior to the year in which those codes would otherwise be enacted.

**NEW SECTION. Sec. 6.** (1) On and after January 1, 2010, qualifying utilities shall maintain records of the energy consumption data of all nonresidential and qualifying public agency buildings to which they provide service. This data must be maintained for at least the most recent twelve months in a format compatible for uploading to the United States environmental protection agency's energy star portfolio manager.

(2) On and after January 1, 2010, upon the written authorization or secure electronic authorization of a nonresidential building owner or operator, a qualifying utility shall upload the energy consumption data for the accounts specified by the owner or operator for a building to the United States environmental protection agency's energy star portfolio manager in a form that does not disclose personally identifying information.

(3) In carrying out the requirements of this section, a qualifying utility shall use any method for providing the specified data in order to maximize efficiency and minimize overall program cost. Qualifying utilities are encouraged to consult with the United States environmental protection agency and their customers in developing reasonable reporting options.

(4) Disclosure of nonpublic nonresidential benchmarking data and ratings required under subsection (5) of this section will be phased in as follows:

(a) By January 1, 2011, for buildings greater than fifty thousand square feet; and

(b) By January 1, 2012, for buildings greater than ten thousand square feet.

(5) Based on the size guidelines in subsection (4) of this section, a building owner or operator, or their agent, of a nonresidential building shall disclose the United States environmental protection agency's energy star portfolio manager benchmarking data and ratings to a prospective buyer, lessee, or lender for the most recent continuously occupied twelve-month period. A building owner or operator, or their agent, who delivers United States environmental protection agency's energy star portfolio manager benchmarking data and ratings to a prospective buyer, lessee, or lender is not required to provide additional information regarding energy consumption, and the information is deemed to be adequate to inform the prospective buyer, lessee, or lender regarding the United States environmental protection agency's energy star portfolio manager benchmarking data and ratings for the most recent twelve-month period for the building that is being sold, leased, financed, or refinanced.

(6) Notwithstanding subsections (4) and (5) of this section, nothing in this section increases or decreases the duties, if any, of a building owner, operator, or their agent under this chapter or alters the duty of a seller, agent, or broker to disclose the existence of a material fact affecting the real property.

**NEW SECTION. Sec. 7.** By December 31, 2009, the department shall recommend to the legislature a methodology to

determine an energy performance score for residential buildings and an implementation strategy to use such information to improve the energy efficiency of the state's existing housing supply. In developing its strategy, the department shall seek input from providers of residential energy audits, utilities, building contractors, mixed use developers, the residential real estate industry, and real estate listing and form providers.

**NEW SECTION. Sec. 8.** (1) By July 1, 2010, each qualifying public agency shall:

(a) Create an energy benchmark for each reporting public facility using a portfolio manager;

(b) Report to general administration, the environmental protection agency national energy performance rating for each reporting public facility included in the technical requirements for this rating; and

(c) Link all portfolio manager accounts to the state portfolio manager master account to facilitate public reporting.

(2) By January 1, 2010, general administration shall establish a state portfolio manager master account. The account must be designed to provide shared reporting for all reporting public facilities.

(3) By July 1, 2010, general administration shall select a standardized portfolio manager report for reporting public facilities. General administration, in collaboration with the United States environmental protection agency, shall make the standard report of each reporting public facility available to the public through the portfolio manager web site.

(4) General administration shall prepare a biennial report summarizing the statewide portfolio manager master account reporting data. The first report must be completed by December 1, 2012. Subsequent reporting shall be completed every two years thereafter.

(5) By July 1, 2010, general administration shall develop a technical assistance program to facilitate the implementation of a preliminary audit and the investment grade energy audit. General administration shall design the technical assistance program to utilize audit services provided by utilities or energy services contracting companies when possible.

(6) For each reporting public facility with a national energy performance rating score below fifty, the qualifying public agency, in consultation with general administration, shall undertake a preliminary energy audit by July 1, 2011. If potential cost-effective energy savings are identified, an investment grade energy audit must be completed by July 1, 2013. Implementation of cost-effective energy conservation measures are required by July 1, 2016. For a major facility that is leased by a state agency, college, or university, energy audits and implementation of cost-effective energy conservation measures are required only for that portion of the facility that is leased by the state agency, college, or university.

(7) Schools are strongly encouraged to follow the provisions in subsections (1) through (6) of this section.

(8) The director of the department of general administration, in consultation with the affected state agencies and the office of financial management, shall review the cost and delivery of agency programs to determine the viability of relocation when a facility leased by the state has a national energy performance rating score below fifty. The department of general administration shall establish a process to determine viability.

(9) By July 1, 2011, general administration shall conduct a review of facilities not covered by the national energy performance rating. Based on this review, general administration shall develop a portfolio of additional facilities that require preliminary energy audits. For these facilities, the qualifying public agency, in

consultation with general administration, shall undertake a preliminary energy audit by July 1, 2012. If potential cost-effective energy savings are identified, an investment grade energy audit must be completed by July 1, 2013.

**NEW SECTION. Sec. 9.** Sections 2, 3, and 5 through 8 of this act are each added to chapter 19.27A RCW."

Correct the title.

Amendment (246) was adopted. The bill was ordered engrossed.

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

Representative Rolfes spoke in favor of the passage of the bill.

Representative Crouse spoke against the passage of the bill.

The Speaker (Representative Morris presiding) stated the question before the House to be the final passage of Engrossed Second Substitute House Bill No. 1747.

#### ROLL CALL

The Clerk called the roll on the final passage of Engrossed Second Substitute House Bill No. 1747 and the bill passed the House by the following vote: Yeas, 70; Nays, 25; Absent, 0; Excused, 2.

Voting yea: Representatives Anderson, Appleton, Armstrong, Bailey, Blake, Campbell, Carlyle, Chase, Clibborn, Cody, Conway, Darneille, DeBolt, Dickerson, Driscoll, Dunshee, Eddy, Ericks, Finn, Goodman, Green, Haigh, Hasegawa, Hudgins, Hunt, Hunter, Hurst, Jacks, Kagi, Kelley, Kenney, Kessler, Kirby, Liias, Linville, Maxwell, McCoy, Miloscia, Moeller, Morrell, Morris, Nelson, O'Brien, Ormsby, Orwall, Parker, Pedersen, Pettigrew, Priest, Probst, Quall, Roach, Roberts, Rodne, Rolfes, Santos, Seaquist, Sells, Simpson, Smith, Springer, Sullivan, Takko, Upthegrove, Van De Wege, Wallace, White, Williams, Wood and Mr. Speaker.

Voting nay: Representatives Alexander, Angel, Chandler, Condotta, Cox, Crouse, Dammeier, Ericksen, Grant-Herriot, Haler, Herrera, Hinkle, Hope, Johnson, Klippert, Kretz, Kristiansen, McCune, Orcutt, Pearson, Ross, Schmick, Short, Walsh and Warnick.

Excused: Representatives Flannigan and Shea.

ENGROSSED SECOND SUBSTITUTE HOUSE BILL NO. 1747, having received the necessary constitutional majority, was declared passed.

**HOUSE BILL NO. 1938, by Representatives Roberts, Kagi, Angel, Walsh, Dunshee, Pettigrew, Green, Goodman, Haler and Kenney**

**Considering postadoption contact between siblings in adoption proceedings. Revised for 2nd Substitute: Concerning postadoption contact with siblings.**

The bill was read the second time.

There being no objection, Second Substitute House Bill No. 1938 was substituted for House Bill No. 1938 and the second substitute bill was placed on the second reading calendar.

SECOND SUBSTITUTE HOUSE BILL NO. 1938 was read the second time.

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

Representatives Roberts and Haler spoke in favor of the passage of the bill.

The Speaker (Representative Morris presiding) stated the question before the House to be the final passage of Second Substitute House Bill No. 1938.

#### ROLL CALL

The Clerk called the roll on the final passage of Second Substitute House Bill No. 1938 and the bill passed the House by the following vote: Yeas, 95; Nays, 0; Absent, 0; Excused, 2.

Voting yea: Representatives Alexander, Anderson, Angel, Appleton, Armstrong, Bailey, Blake, Campbell, Carlyle, Chandler, Chase, Clibborn, Cody, Condotta, Conway, Cox, Crouse, Dammeier, Darneille, DeBolt, Dickerson, Driscoll, Dunshee, Eddy, Ericks, Ericksen, Finn, Goodman, Grant-Herriot, Green, Haigh, Haler, Hasegawa, Herrera, Hinkle, Hope, Hudgins, Hunt, Hunter, Hurst, Jacks, Johnson, Kagi, Kelley, Kenney, Kessler, Kirby, Klippert, Kretz, Kristiansen, Liias, Linville, Maxwell, McCoy, McCune, Miloscia, Moeller, Morrell, Morris, Nelson, O'Brien, Orcutt, Ormsby, Orwall, Parker, Pearson, Pedersen, Pettigrew, Priest, Probst, Quall, Roach, Roberts, Rodne, Rolfes, Ross, Santos, Schmick, Seaquist, Sells, Short, Simpson, Smith, Springer, Sullivan, Takko, Upthegrove, Van De Wege, Wallace, Walsh, Warnick, White, Williams, Wood and Mr. Speaker.

Excused: Representatives Flannigan and Shea.

SECOND SUBSTITUTE HOUSE BILL NO. 1938, having received the necessary constitutional majority, was declared passed.

**HOUSE BILL NO. 1939, by Representatives Takko, Armstrong, Morris, Springer, Eddy, Wood, Warnick, Ericksen, Sells, Kenney, Simpson, Moeller, Ormsby and Wallace**

**Concerning vehicle dealer documentary service fees.**

The bill was read the second time.

There being no objection, Substitute House Bill No. 1939 was substituted for House Bill No. 1939 and the substitute bill was placed on the second reading calendar.

SUBSTITUTE HOUSE BILL NO. 1939 was read the second time.

Representative Hinkle moved the adoption of amendment (250):

On page 2, beginning on line 17, after "sale." strike all material through "dollars" on line 18, and insert "'((However, an amount not to exceed fifty dollars)) A documentary fee"

On page 3, line 7, after "fee" strike all material through "dollars" and insert "'((in an amount up to fifty dollars))"

Representatives Hinkle and Walsh spoke in favor of the adoption of the amendment.

Representative Lias spoke against the adoption of the amendment.

Amendment (250) was not adopted.

Representative Takko moved the adoption of amendment (247):

On page 2, line 10, after "(a)" insert "(i)"

On page 2, line 17, after "sale." insert the following:

"(ii)"

On page 2, beginning on line 17, after "exceed" strike "one hundred fifty dollars" and insert "((fifty dollars)) the applicable amount provided in (iii)(A) and (B) of this subsection (2)(a)"

On page 2, after line 25, insert the following:

"(iii) A dealer may charge under (a)(ii) of this subsection:

(A) As of the effective date of this act through June 30, 2014, an amount not to exceed one hundred fifty dollars; and

(B) As of July 1, 2014, an amount not to exceed fifty dollars."

On page 3, line 7, after "amount" strike "up to one hundred fifty dollars" and insert "((up to fifty dollars)) provided in (iv)(A) and (B) of this subsection (2)(b)"

On page 3, line 8, after "cost" insert ":

(A) As of the effective date of this act through June 30, 2014, an amount up to one hundred fifty dollars; and

(B) As of July 1, 2014, an amount up to fifty dollars"

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

Representative Ericksen spoke against the adoption of the amendment.

Amendment (247) was adopted. The bill was ordered engrossed.

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

Representatives Takko, Armstrong and Orcutt spoke in favor of the passage of the bill.

Representatives Hinkle and Williams spoke against the passage of the bill.

The Speaker (Representative Morris presiding) stated the question before the House to be the final passage of Engrossed Substitute House Bill No. 1939.

### ROLL CALL

The Clerk called the roll on the final passage of Engrossed Substitute House Bill No. 1939 and the bill passed the House by the following vote: Yeas, 73; Nays, 22; Absent, 0; Excused, 2.

Voting yea: Representatives Angel, Appleton, Armstrong, Bailey, Blake, Campbell, Chandler, Clibborn, Condotta, Conway, Crouse, Dammeier, Darneille, Dickerson, Driscoll, Eddy, Ericks, Ericksen, Finn, Goodman, Grant-Herriot, Green, Haigh, Haler, Hasegawa, Herrera, Hudgins, Hunt, Hunter, Hurst, Jacks, Johnson, Kagi, Kenney, Kessler, Kirby, Klippert, Kristiansen, Lias, Linville, Maxwell, McCoy, McCune, Moeller, Morrell, Morris, O'Brien, Orcutt, Ormsby, Orwall, Pearson, Pedersen, Pettigrew, Probst, Quall, Roberts, Rolfes, Santos, Schmick, Seaquist, Sells, Simpson, Smith,

Springer, Sullivan, Takko, Upthegrove, Van De Wege, Wallace, Walsh, White, Wood and Mr. Speaker.

Voting nay: Representatives Alexander, Anderson, Carlyle, Chase, Cody, Cox, DeBolt, Dunshee, Hinkle, Hope, Kelley, Kretz, Miloscia, Nelson, Parker, Priest, Roach, Rodne, Ross, Short, Warnick and Williams.

Excused: Representatives Flannigan and Shea.

ENGROSSED SUBSTITUTE HOUSE BILL NO. 1939, having received the necessary constitutional majority, was declared passed.

**HOUSE BILL NO. 2198, by Representatives Hudgins, Hinkle, Van De Wege, Hasegawa, Takko, Jacks, Appleton, Williams, Chase, Eddy, Morris, Roberts and White**

**Requiring rental car businesses to have a sufficient number of child restraint systems available to their customers.**

The bill was read the second time.

There being no objection, Substitute House Bill No. 2198 was substituted for House Bill No. 2198 and the substitute bill was placed on the second reading calendar.

SUBSTITUTE HOUSE BILL NO. 2198 was read the second time.

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

Representatives Hudgins and Hinkle spoke in favor of the passage of the bill.

The Speaker (Representative Morris presiding) stated the question before the House to be the final passage of Substitute House Bill No. 2198.

### ROLL CALL

The Clerk called the roll on the final passage of Substitute House Bill No. 2198 and the bill passed the House by the following vote: Yeas, 75; Nays, 20; Absent, 0; Excused, 2.

Voting yea: Representatives Alexander, Appleton, Bailey, Blake, Campbell, Carlyle, Chandler, Chase, Clibborn, Cody, Conway, Dammeier, Darneille, DeBolt, Dickerson, Driscoll, Dunshee, Eddy, Ericks, Finn, Goodman, Grant-Herriot, Green, Haigh, Haler, Hasegawa, Herrera, Hinkle, Hudgins, Hunt, Hunter, Hurst, Jacks, Johnson, Kagi, Kelley, Kenney, Kessler, Kirby, Klippert, Lias, Linville, Maxwell, McCoy, Miloscia, Morrell, Morris, Nelson, O'Brien, Ormsby, Orwall, Parker, Pedersen, Pettigrew, Priest, Probst, Quall, Roberts, Rolfes, Ross, Santos, Seaquist, Sells, Simpson, Smith, Springer, Sullivan, Takko, Upthegrove, Van De Wege, Wallace, White, Williams, Wood and Mr. Speaker.

Voting nay: Representatives Anderson, Angel, Armstrong, Condotta, Cox, Crouse, Ericksen, Hope, Kretz, Kristiansen, McCune, Moeller, Orcutt, Pearson, Roach, Rodne, Schmick, Short, Walsh and Warnick.

Excused: Representatives Flannigan and Shea.

SUBSTITUTE HOUSE BILL NO. 2198, having received the necessary constitutional majority, was declared passed.

**HOUSE BILL NO. 2278, by Representatives Pettigrew, Chandler, Blake, Johnson, Bailey and Schmick**

**Concerning the sales and use tax exemption for livestock nutrient management equipment and facilities.**

The bill was read the second time.

There being no objection, Substitute House Bill No. 2278 was substituted for House Bill No. 2278 and the substitute bill was placed on the second reading calendar.

SUBSTITUTE HOUSE BILL NO. 2278 was read the second time.

Representative Pettigrew moved the adoption of amendment (265):

Strike everything after the enacting clause and insert the following:

**"Sec. 1.** RCW 82.08.890 and 2006 c 151 s 2 are each amended to read as follows:

(1) The tax levied by RCW 82.08.020 does not apply to sales to eligible persons of:

(a) Qualifying livestock nutrient management equipment;

(b) Labor and services rendered in respect to installing, repairing, cleaning, altering, or improving qualifying livestock nutrient management equipment; and

(c)(i) Labor and services rendered in respect to (~~operating,~~) repairing, cleaning, altering, or improving of qualifying livestock nutrient management (~~equipment and~~) facilities, or to (~~sales of~~) tangible personal property that becomes an ingredient or component of (~~the equipment and~~) qualifying livestock nutrient management facilities in the course of repairing, cleaning, altering, or improving of such facilities.

(ii) The exemption provided in this subsection (1)(c) does not apply to the sale of or charge made for: (A) Labor and services rendered in respect to the constructing of new, or replacing previously existing, qualifying livestock nutrient management facilities; or (B) tangible personal property that becomes an ingredient or component of qualifying livestock nutrient management facilities during the course of constructing new, or replacing previously existing, qualifying livestock nutrient management facilities.

(2)(~~a~~) To be eligible, the equipment and facilities must be used exclusively for activities necessary to maintain a livestock nutrient management plan.

~~(b))~~ The exemption provided in subsection (1) of this section applies to sales made after the livestock nutrient management plan is:

~~((~~+~~))~~ (a) Certified under chapter 90.64 RCW; (~~++~~) (b) approved as part of the permit issued under chapter 90.48 RCW; or (~~+++~~) (c) approved as required under subsection (4)(c)(iii) of this section.

(3)(a) The department of revenue must provide an exemption certificate to an eligible person upon application by that person. The department of agriculture must provide a list of eligible persons, as defined in subsection (4)(c)(i) and (ii) of this section, to the department of revenue. Conservation districts must maintain lists of eligible persons as defined in subsection (4)(c)(iii) of this section to allow the department of revenue to verify eligibility. The application must be in a form and manner prescribed by the department and must contain information regarding the location of the dairy or animal feeding operation and other information the department may require.

(b) A person claiming an exemption under this section must keep records necessary for the department to verify eligibility under this section. The exemption is available only when the buyer provides the seller with an exemption certificate in a form and manner prescribed by the department. The seller must retain a copy of the certificate for the seller's files. (4) The definitions in this subsection apply to this section and RCW 82.12.890 unless the context clearly requires otherwise:

(a) "Animal feeding operation" means a lot or facility, other than an aquatic animal production facility, where the following conditions are met: (i) Animals, other than aquatic animals, have been, are, or will be stabled or confined and fed or maintained for a total of forty-five days or more in any twelve-month period; and (ii) Crops, vegetation, forage growth, or postharvest residues are not sustained in the normal growing season over any portion of the lot or facility.

(b) "Conservation district" means a subdivision of state government organized under chapter 89.08 RCW.

(c) "Eligible person" means a person: (i) Licensed to produce milk under chapter 15.36 RCW who has a certified dairy nutrient management plan, as required by chapter 90.64 RCW; (ii) who owns an animal feeding operation and has a permit issued under chapter 90.48 RCW; or (iii) who owns an animal feeding operation and has a nutrient management plan approved by a conservation district as meeting natural resource conservation service field office technical guide standards and who possesses an exemption certificate under RCW 82.08.855.

~~(d) ("Livestock nutrient management equipment and facilities" means machinery, equipment, and structures used in the handling and treatment of livestock manure, such as aerators, agitators, alley scrapers, augers, dams, gutter cleaners, loaders, lagoons, pipes, pumps, separators, and tanks. The term also includes tangible personal property that becomes an ingredient or component of the equipment and facilities, including repair and replacement parts.~~

~~(e))~~ "Handling and treatment of livestock manure" means the activities of collecting, storing, moving, or transporting livestock manure, separating livestock manure solids from liquids, or applying livestock manure to the agricultural lands of an eligible person other than through the use of pivot or linear type traveling irrigation systems.

(e) "Permit" means either a state waste discharge permit or a national pollutant discharge elimination system permit, or both.

(f) "Qualifying livestock nutrient management equipment" means the following tangible personal property for exclusive use in the handling and treatment of livestock manure, including repair and replacement parts for such equipment: (i) Aerators; (ii) agitators; (iii) augers; (iv) conveyers; (v) gutter cleaners; (vi) hard-hose reel traveler irrigation systems; (vii) lagoon and pond liners and floating covers; (viii) loaders; (ix) manure composting devices; (x) manure spreaders; (xi) manure tank wagons; (xii) manure vacuum tanks; (xiii) poultry house cleaners; (xiv) poultry house flame sterilizers; (xv) poultry house washers; (xvi) poultry litter saver machines; (xvii) pipes; (xviii) pumps; (xix) scrapers; (xx) separators; (xxi) slurry injectors and hoses; and (xxii) wheelbarrows, shovels, and pitchforks.

(g) "Qualifying livestock nutrient management facilities" means the following structures and facilities for exclusive use in the handling and treatment of livestock manure: (i) Flush systems; (ii) lagoons; (iii) liquid livestock manure storage structures, such as concrete tanks or glass-lined steel tanks; and (iv) structures used solely for the dry storage of manure, including roofed stacking facilities.

**Sec. 2.** RCW 82.12.890 and 2006 c 151 s 3 are each amended to read as follows:

(1) The provisions of this chapter do not apply with respect to the use by an eligible person of ~~((tangible personal property that becomes an ingredient or component of livestock nutrient management equipment and facilities, as defined in RCW 82.08.890, or to labor and services rendered in respect to repairing, cleaning, altering, or improving eligible tangible personal property.))~~;

(a) Qualifying livestock nutrient management equipment;

(b) Labor and services rendered in respect to installing, repairing, cleaning, altering, or improving qualifying livestock nutrient management equipment; and

(c)(i) Tangible personal property that becomes an ingredient or component of qualifying livestock nutrient management facilities in the course of repairing, cleaning, altering, or improving of such facilities.

(ii) The exemption provided in this subsection (1)(c) does not apply to the use of tangible personal property that becomes an ingredient or component of qualifying livestock nutrient management facilities during the course of constructing new, or replacing previously existing, qualifying livestock nutrient management facilities.

~~(2)((a) To be eligible, the equipment and facilities must be used exclusively for activities necessary to maintain a livestock nutrient management plan.~~

~~(b))~~ The exemption applies to the use of tangible personal property ~~((or))~~ and labor and services made after the livestock nutrient management plan is: ~~((+))~~ (a) Certified under chapter 90.64 RCW; ~~((+))~~ (b) approved as part of the permit issued under chapter 90.48 RCW; or ~~((+))~~ (c) approved as required under RCW 82.08.890(4)(c)(iii).

(3) The exemption certificate and recordkeeping requirements of RCW 82.08.890 apply to this section. The definitions in RCW 82.08.890 apply to this section."

Correct the title.

Representatives Pettigrew and Chandler spoke in favor of the adoption of the amendment.

Amendment (265) was adopted. The bill was ordered engrossed.

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

Representatives Pettigrew and Chandler spoke in favor of the passage of the bill.

The Speaker (Representative Morris presiding) stated the question before the House to be the final passage of Engrossed Substitute House Bill No. 2278.

Representative Hunter was excused from the bar.

**ROLL CALL**

The Clerk called the roll on the final passage of Engrossed Substitute House Bill No. 2278 and the bill passed the House by the following vote: Yeas, 92; Nays, 2; Absent, 0; Excused, 3.

Voting yea: Representatives Alexander, Angel, Appleton, Armstrong, Bailey, Blake, Campbell, Carlyle, Chandler, Chase, Clibborn, Cody, Condotta, Conway, Cox, Crouse, Dammeier, Darneille, DeBolt, Dickerson, Driscoll, Dunshee, Eddy, Ericks, Ericksen, Finn, Goodman, Grant-Herriot, Green, Haigh, Haler,

Hasegawa, Herrera, Hinkle, Hope, Hudgins, Hunt, Hurst, Jacks, Johnson, Kagi, Kelley, Kenney, Kessler, Kirby, Klippert, Kretz, Kristiansen, Lias, Linville, Maxwell, McCoy, McCune, Miloscia, Moeller, Morrell, Morris, Nelson, O'Brien, Orcutt, Ormsby, Orwall, Parker, Pearson, Pedersen, Pettigrew, Priest, Probst, Quall, Roach, Roberts, Rodne, Rolfes, Ross, Santos, Schmick, Seaquist, Sells, Short, Simpson, Smith, Springer, Sullivan, Takko, Upthegrove, Van De Wege, Wallace, Walsh, Warnick, White, Wood and Mr. Speaker.

Voting nay: Representatives Anderson and Williams.

Excused: Representatives Flannigan, Hunter and Shea.

ENGROSSED SUBSTITUTE HOUSE BILL NO. 2278, having received the necessary constitutional majority, was declared passed.

**HOUSE BILL NO. 1481, by Representatives Eddy, Crouse, McCoy, Haler, Carlyle, Armstrong, Hunt, White, Dunshee, Priest, Appleton, Orwall, Rolfes, Hudgins, Hinkle, Upthegrove, Clibborn, Morrell, Ormsby, Kenney, Maxwell, Dickerson and Pedersen**

**Regarding electric vehicles.**

The bill was read the second time.

There being no objection, Second Substitute House Bill No. 1481 was substituted for House Bill No. 1481 and the second substitute bill was placed on the second reading calendar.

SECOND SUBSTITUTE HOUSE BILL NO. 1481 was read the second time.

With the consent of the House, amendment (256) was withdrawn.

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

Representatives Eddy and Crouse spoke in favor of the passage of the bill.

Representative Angel spoke against the passage of the bill.

The Speaker (Representative Morris presiding) stated the question before the House to be the final passage of Second Substitute House Bill No. 1481.

**ROLL CALL**

The Clerk called the roll on the final passage of Second Substitute House Bill No. 1481 and the bill passed the House by the following vote: Yeas, 71; Nays, 23; Absent, 0; Excused, 3.

Voting yea: Representatives Anderson, Appleton, Armstrong, Blake, Campbell, Carlyle, Chase, Clibborn, Cody, Conway, Crouse, Darneille, Dickerson, Driscoll, Dunshee, Eddy, Ericks, Ericksen, Finn, Goodman, Grant-Herriot, Green, Haigh, Hasegawa, Herrera, Hudgins, Hunt, Hurst, Jacks, Kagi, Kelley, Kenney, Kessler, Kirby, Lias, Linville, Maxwell, McCoy, McCune, Miloscia, Moeller, Morrell, Morris, Nelson, O'Brien, Orcutt, Ormsby, Orwall, Pedersen, Pettigrew, Priest, Probst, Quall, Roberts, Rodne, Rolfes, Santos, Seaquist, Sells, Simpson, Smith, Springer, Sullivan, Takko,

Upthegrove, Van De Wege, Wallace, White, Williams, Wood and Mr. Speaker.

Voting nay: Representatives Alexander, Angel, Bailey, Chandler, Condotta, Cox, Dammeier, DeBolt, Haler, Hinkle, Hope, Johnson, Klippert, Kretz, Kristiansen, Parker, Pearson, Roach, Ross, Schmick, Short, Walsh and Warnick.

Excused: Representatives Flannigan, Hunter and Shea.

SECOND SUBSTITUTE HOUSE BILL NO. 1481, having received the necessary constitutional majority, was declared passed.

**HOUSE BILL NO. 1709, by Representatives Nelson, White, Cody, Carlyle, Orwall, McCoy, Darneille and Ormsby**

**Providing fee and installment plan assistance for borrowers at risk of default on small loans.**

The bill was read the second time.

There being no objection, Substitute House Bill No. 1709 was substituted for House Bill No. 1709 and the substitute bill was placed on the second reading calendar.

SUBSTITUTE HOUSE BILL NO. 1709 was read the second time.

Representative Nelson moved the adoption of amendment (257):

Strike everything after the enacting clause and insert the following:

**"NEW SECTION. Sec. 1.** The legislature finds that some small loan borrowers are unable to pay the entire loaned amount when it is due. Many of these borrowers take out multiple loans to pay off the original borrowed sum.

It is the legislature's intent to reduce or limit the number of borrowers taking out multiple loans by providing for installment plans that give a borrower a better opportunity to pay off their original small loan without having to resort to taking out a subsequent loan or loans.

This act shall be liberally construed to effectuate the legislature's intent to protect borrowers.

**Sec. 2.** RCW 31.45.010 and 2003 c 86 s 1 are each amended to read as follows:

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

(1) "Applicant" means a person that files an application for a license under this chapter, including the applicant's sole proprietor, owners, directors, officers, partners, members, and controlling persons.

(2) "Borrower" means a natural person who receives a small loan.

(3) "Business day" means any day that the licensee is open for business in at least one physical location.

(4) "Check" means the same as defined in RCW 62A.3-104(f) and, for purposes of conducting the business of making small loans, includes other electronic forms of payment, including stored value cards, internet transfers, and automated clearing house transactions.

(5) "Check casher" means an individual, partnership, unincorporated association, or corporation that, for compensation, engages, in whole or in part, in the business of cashing checks, drafts, money orders, or other commercial paper serving the same purpose.

(6) "Check seller" means an individual, partnership, unincorporated association, or corporation that, for compensation, engages, in whole or in part, in the business of or selling checks, drafts, money orders, or other commercial paper serving the same purpose.

(7) "Collateral" means the same as defined in chapter 62A.9A RCW.

(8) "Controlling person" means a person owning or controlling ten percent or more of the total outstanding shares of the applicant or licensee, if the applicant or licensee is a corporation, and a member who owns ten percent or more of a limited liability company or limited liability partnership.

(9) "Default" means the borrower's failure to repay the small loan in compliance with the terms contained in the small loan agreement or note or failure to ~~((make payments in compliance with a loan payment plan))~~ pay any installment plan payment on an installment plan within ten days after the date upon which the installment was scheduled to be paid.

(10) "Director" means the director of financial institutions.

(11) "Financial institution" means a commercial bank, savings bank, savings and loan association, or credit union.

(12) "Installment plan" is a contract between a licensee and borrower that provides that the loaned amount will be repaid in substantially equal installments scheduled on or after a borrower's pay dates and no less than fourteen days apart.

(13) "Licensee" means a check casher or seller licensed by the director to engage in business in accordance with this chapter. For purposes of the enforcement powers of this chapter, including the power to issue cease and desist orders under RCW 31.45.110, "licensee" also means a check casher or seller who fails to obtain the license required by this chapter.

~~((+3))~~ (14) "Loaned amount" means the outstanding principal balance and any fees authorized under RCW 31.45.073 that have not been paid by the borrower.

(15) "Origination date" means the date upon which the borrower and the licensee initiate a small loan transaction.

~~((+4))~~ (16) "Outstanding principal balance" of a small loan means any of the principal amount that has not been paid by the borrower.

~~((+5))~~ (17) "Paid" means that moment in time when the licensee deposits the borrower's check or accepts cash for the full amount owing on a valid small loan. If the borrower's check is returned by the borrower's bank for insufficient funds, the licensee shall not consider the loan paid.

~~((+6))~~ (18) "Person" means an individual, partnership, association, limited liability company, limited liability partnership, trust, corporation, and any other legal entity.

~~((+7))~~ (19) "Principal" means the loan proceeds advanced for the benefit of the borrower in a small loan, excluding any fee or interest charge.

~~((+8))~~ (20) "Rescission" means annulling the loan contract and, with respect to the small loan contract, returning the borrower and the licensee to their financial condition prior to the origination date of the loan.

~~((+9))~~ (21) "Small loan" means a loan of up to the maximum amount and for a period of time up to the maximum term specified in RCW 31.45.073.

~~((20))~~ "Successive loans" means a series of loans made by the same licensee to the same borrower in such a manner that no more than three business days separate the termination date of any one loan and the origination date of any other loan in the series.

~~((21))~~ (22) "Termination date" means the date upon which payment for the small loan transaction is due or paid to the licensee, whichever occurs first.

~~((22))~~ (23) "Total of payments" means the principal amount of the small loan plus all fees or interest charged on the loan.

~~((23))~~ (24) "Trade secret" means the same as defined in RCW 19.108.010.

**Sec. 3.** RCW 31.45.073 and 2003 c 86 s 8 are each amended to read as follows:

(1) No licensee may engage in the business of making small loans without first obtaining a small loan endorsement to its license from the director in accordance with this chapter. An endorsement will be required for each location where a licensee engages in the business of making small loans, but a small loan endorsement may authorize a licensee to make small loans at a location different than the licensed locations where it cashes or sells checks. A licensee may have more than one endorsement.

(2) A licensee must set the due date of a small loan on or after the date of the borrower's next pay date. If a borrower's next pay date is within seven days of taking out the loan, a licensee must set the due date of a small loan on or after the borrower's second pay date after the date the small loan is made. The termination date of a small loan may not exceed the origination date of that same small loan by more than forty-five days, including weekends and holidays, unless the term of the loan is extended by agreement of both the borrower and the licensee and no additional fee or interest is charged. The maximum principal amount of any small loan, or the outstanding principal balances of all small loans made by ~~((a))~~ all licensees to a single borrower at any one time, may not exceed seven hundred dollars or thirty percent of the gross monthly income of the borrower, whichever is lower. A licensee is prohibited from making a small loan to a borrower who is in default on another small loan until thirty days after that loan is paid in full or two years have passed from the origination date of the small loan, whichever occurs first.

(3) A licensee is prohibited from making a small loan to a borrower in an installment plan with any licensee until thirty days after the plan is paid in full or two years have passed from the origination date of the installment plan, whichever occurs first.

(4) A borrower is prohibited from receiving more than eight small loans from all licensees in any twelve-month period. A licensee is prohibited from making a small loan to a borrower if making that small loan would result in a borrower receiving more than eight small loans from all licensees in any twelve-month period.

(5) A licensee that has obtained the required small loan endorsement may charge interest or fees for small loans not to exceed in the aggregate fifteen percent of the first five hundred dollars of principal. If the principal exceeds five hundred dollars, a licensee may charge interest or fees not to exceed in the aggregate ten percent of that portion of the principal in excess of five hundred dollars. If a licensee makes more than one loan to a single borrower, and the aggregated principal of all loans made to that borrower exceeds five hundred dollars at any one time, the licensee may charge interest or fees not to exceed in the aggregate ten percent on that portion of the aggregated principal of all loans at any one time that is in excess of five hundred dollars. The director may determine by rule which fees, if any, are not subject to the interest or fee limitations described in this section. It is a violation of this chapter for any licensee to knowingly loan to a single borrower at any one time, in a single loan or in the aggregate, more than the maximum principal amount described in this section.

~~((4))~~ (6) In connection with making a small loan, a licensee may advance moneys on the security of a postdated check. The

licensee may not accept any other property, title to property, or other evidence of ownership of property as collateral for a small loan. The licensee may accept only one postdated check per loan as security for the loan. A licensee may permit a borrower to redeem a postdated check with a payment of cash or the equivalent of cash. The licensee may disburse the proceeds of a small loan in cash, in the form of a check, or in the form of the electronic equivalent of cash or a check.

~~((5))~~ (7) No person may at any time cash or advance any moneys on a postdated check or draft in excess of the amount of goods or services purchased without first obtaining a small loan endorsement to a check casher or check seller license.

**Sec. 4.** RCW 31.45.084 and 2003 c 86 s 12 are each amended to read as follows:

(1) ~~((A licensee and borrower may agree to a payment plan for a small loan at any time. After four successive loans and prior to default upon the last loan, each))~~ If a borrower notifies a licensee that the borrower will be or is unable to repay a loan when it is due, the licensee must inform the borrower that the borrower may convert their small loan to ((a payment)) an installment plan. The licensee must convert the small loan to an installment plan at the borrower's request. Each agreement for a loan ((payment)) installment plan must be in writing and acknowledged by both the borrower and the licensee. ((The licensee may charge the borrower, at the time both parties enter into the payment plan, a one-time fee for the payment plan in an amount up to the fee or interest on the outstanding principal of the loan as allowed under RCW 31.45.073(3).)) The licensee may not assess any other fee, interest charge, or other charge on the borrower as a result of converting the small loan into ~~((a payment))~~ an installment plan. This ~~((payment))~~ installment plan must provide for the payment of the total of payments due on the small loan over a period not less than ~~((sixty))~~ ninety days ~~((in three or more payments, unless the borrower and licensee agree to a shorter payment period))~~ for a loan amount of up to and including four hundred dollars. For a loaned amount over four hundred dollars, the installment plan must be a period not less than one hundred eighty days. The borrower may pay the total of ~~((payments))~~ installments at any time. The licensee may not charge any penalty, fee, or charge to the borrower for prepayment of the loan ~~((payment))~~ installment plan by the borrower. Each licensee shall conspicuously disclose to each borrower in the small loan agreement or small loan note that the borrower has access to such ~~((a payment))~~ an installment plan ((after four successive loans)). A licensee's violation of such ~~((a payment))~~ an installment plan constitutes a violation of this chapter.

(2) The licensee ((may take)) must return any postdated checks that the borrower has given to the licensee for the original small loan at the initiation of the ((payment)) installment plan ((for the payments agreed to under the plan. If any check accepted by the licensee as payment under the payment plan is dishonored, the licensee may not charge the borrower any fee for the dishonored check)).

(3) ~~((If the borrower defaults on the payment plan, the licensee may initiate action to collect the total of payments under RCW 31.45.082.))~~ A licensee may take postdated checks for installment plan payments at the time the installment plan is originated. If any check accepted as payment under the installment plan is dishonored, the licensee may not charge the borrower any fee for the dishonored check. If a borrower defaults on the installment plan, the licensee may charge the borrower a one-time ((payment)) installment plan default fee of twenty-five dollars.

(4) If the licensee enters into ~~((a payment))~~ an installment plan with the borrower through an accredited third party, with certified credit counselors, that is representing the borrower, the licensee's

failure to comply with the terms of that ~~((payment))~~ installment plan constitutes a violation of this chapter.

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

(1)(a) In addition to other disclosures required by this chapter, the application for a small loan must include a statement that is substantially similar to the following: "At the time you repay this loan, you should have sufficient funds to meet your other financial obligations. If you cannot pay other bills because you are paying off this debt, you should go into the installment plan offered in connection with this loan."

(b) The statement in (a) of this subsection must be on the front page of the loan application and must be in at least twelve point type.

(2) The director may adopt rules to implement this section.

**NEW SECTION. Sec. 6.** A new section is added to chapter 31.45 RCW to read as follows:

(1) The director must, by contract with a vendor or service provider or otherwise, develop and implement a system by means of which a licensee may determine:

(a) Whether a consumer has an outstanding small loan;

(b) The number of small loans the consumer has outstanding;

(c) Whether the borrower is eligible for a loan under RCW 31.45.073;

(d) Whether the borrower is in an installment plan; and

(e) Any other information necessary to comply with chapter 31.45 RCW.

(2) The director may specify the form and contents of the system by rule. Any system must provide that the information entered into or stored by the system is:

(a) Accessible to and usable by licensees and the director from any location in this state; and

(b) Secured against public disclosure, tampering, theft, or unauthorized acquisition or use.

(3) If the system described in subsection (1) of this section is developed and implemented, a licensee making small loans under chapter 31.45 RCW must enter or update the required information in subsection (1) of this section at the time that the small loan transaction is conducted by the licensee.

(4) A licensee must continue to enter and update all required information for any loans subject to chapter 31.45 RCW that are outstanding or have not yet expired after the date on which the licensee no longer has the license or small loan endorsement required by this chapter. Within ten business days after ceasing to make loans subject to chapter 31.45 RCW, the licensee must submit a plan for continuing compliance with this subsection to the director for approval. The director must promptly approve or disapprove the plan and may require the licensee to submit a new or modified plan that ensures compliance with this subsection.

(5) If the system described in subsection (1) of this section is developed and implemented, the director shall adopt rules to set the fees licensees shall pay to the vendor or service provider for the operation and administration of the system and the administration of this chapter by the department.

(6) The director shall adopt rules establishing standards for the retention, archiving, and deletion of information entered into or stored by the system described in subsection (1) of this section.

(7) The information in the system described in subsection (1) of this section is not subject to public inspection or disclosure under chapter 42.56 RCW.

**NEW SECTION. Sec. 7.** A new section is added to chapter 31.45 RCW to read as follows:

(1) The director must collect and submit the following information in a report to the financial services committees of the senate and house of representatives:

(a) The number of borrowers entered into an installment plan since the effective date of this section;

(b) How the number of borrowers in installment plans compares to the number of borrowers in installment plans in years previous to the effective date of this section;

(c) The number of borrowers who have defaulted since the effective date of this section;

(d) If known on the effective date of this section, how the number of borrowers who have defaulted compares to the number of borrowers who defaulted in years previous to the effective date of this section; and

(e) Any other information that the director believes is relevant or useful.

(2) Failure to provide the director information required by this section is a violation of this chapter.

**Sec. 8.** RCW 42.56.230 and 2008 c 200 s 5 are each amended to read as follows:

The following personal information is exempt from public inspection and copying under this chapter:

(1) Personal information in any files maintained for students in public schools, patients or clients of public institutions or public health agencies, or welfare recipients;

(2) Personal information in files maintained for employees, appointees, or elected officials of any public agency to the extent that disclosure would violate their right to privacy;

(3) Information required of any taxpayer in connection with the assessment or collection of any tax if the disclosure of the information to other persons would (a) be prohibited to such persons by RCW 84.08.210, 82.32.330, 84.40.020, or 84.40.340 or (b) violate the taxpayer's right to privacy or result in unfair competitive disadvantage to the taxpayer;

(4) Credit card numbers, debit card numbers, electronic check numbers, card expiration dates, or bank or other financial account numbers, except when disclosure is expressly required by or governed by other law; ~~((and))~~

(5) Personal and financial information related to a small loan or any system of authorizing a small loan in section 6 of this act; and

(6) Documents and related materials and scanned images of documents and related materials used to prove identity, age, residential address, social security number, or other personal information required to apply for a driver's license or identicaid.

**NEW SECTION. Sec. 9.** The director or the director's designee may take the actions necessary to ensure this act is implemented on its effective date.

**NEW SECTION. Sec. 10.** This act takes effect January 1, 2010."

Correct the title.

Representative Appleton moved the adoption of amendment (264) to amendment (257):

On page 3, beginning on line 21, strike all material on line 21 through 24 and insert the following:

"((20))((22)) "Successive loan((s))" means a ((series of loans made by the same licensee to the same borrower in such a manner that no more than three business days separate the termination date of any one loan and the origination date of any other loan in the series)) loan made to a borrower within thirty days of when a previous small loan was paid."

Renumber the remaining subsections consecutively and correct any internal references accordingly.

On page 4, on line 26 after "(4)" strike all material through "period." on line 30 and insert "A licensee is prohibited from making a successive loan to a borrower."

Representative Appleton spoke in favor of the adoption of the amendment to amendment (257).

Representatives Ross and Kirby spoke against the adoption of the amendment to amendment (257).

Amendment (264) to amendment (257) was not adopted.

Representative Bailey moved the adoption of amendment (263) to amendment (257):

On page 4, line 19 of the amendment, after "until" strike "thirty days"

On page 4, line 23 of the amendment, after "until" strike "thirty days"

Representatives Bailey and Kirby spoke in favor of the adoption of the amendment to amendment (257).

Amendment (263) to amendment (257) was adopted.

Amendment (257) as amended was adopted. The bill was ordered engrossed.

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

Representatives Nelson and Bailey spoke in favor of the passage of the bill.

The Speaker (Representative Morris presiding) stated the question before the House to be the final passage of Engrossed Substitute House Bill No. 1709.

#### ROLL CALL

The Clerk called the roll on the final passage of Engrossed Substitute House Bill No. 1709 and the bill passed the House by the following vote: Yeas, 84; Nays, 10; Absent, 0; Excused, 3.

Voting yea: Representatives Alexander, Anderson, Angel, Bailey, Blake, Campbell, Carlyle, Chandler, Chase, Clibborn, Cody, Condotta, Conway, Cox, Crouse, Dammeier, Darneille, Dickerson, Driscoll, Dunshee, Eddy, Ericks, Finn, Goodman, Grant-Herriot, Green, Haigh, Haler, Hasegawa, Herrera, Hope, Hudgins, Hunt, Hurst, Jacks, Kagi, Kelley, Kenney, Kessler, Kirby, Klippert, Kristiansen, Liias, Linville, Maxwell, McCoy, McCune, Miloscia, Moeller, Morrell, Morris, Nelson, O'Brien, Orcutt, Ormsby, Orwall, Parker, Pearson, Pedersen, Pettigrew, Priest, Probst, Quall, Roach, Roberts, Rodne, Rolfes, Santos, Schmick, Seaquist, Sells, Short, Simpson, Smith, Springer, Sullivan, Takko, Upthegrove, Van De Wege, Walsh, Warnick, White, Williams, Wood and Mr. Speaker.

Voting nay: Representatives Appleton, Armstrong, DeBolt, Ericksen, Hinkle, Johnson, Kretz, Liias, Ross and Wallace.

Excused: Representatives Flannigan, Hunter and Shea.

ENGROSSED SUBSTITUTE HOUSE BILL NO. 1709, having received the necessary constitutional majority, was declared passed.

**HOUSE BILL NO. 2003, by Representatives Orwall, Sullivan, Quall, Priest and Maxwell**

**Changing professional educator standards board provisions.**

The bill was read the second time.

There being no objection, Substitute House Bill No. 2003 was substituted for House Bill No. 2003 and the substitute bill was placed on the second reading calendar.

SUBSTITUTE HOUSE BILL NO. 2003 was read the second time.

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

Representative Orwall spoke in favor of the passage of the bill.

The Speaker (Representative Morris presiding) stated the question before the House to be the final passage of Substitute House Bill No. 2003.

#### ROLL CALL

The Clerk called the roll on the final passage of Substitute House Bill No. 2003 and the bill passed the House by the following vote: Yeas, 94; Nays, 0; Absent, 0; Excused, 3.

Voting yea: Representatives Alexander, Anderson, Angel, Appleton, Armstrong, Bailey, Blake, Campbell, Carlyle, Chandler, Chase, Clibborn, Cody, Condotta, Conway, Cox, Crouse, Dammeier, Darneille, DeBolt, Dickerson, Driscoll, Dunshee, Eddy, Ericks, Ericksen, Finn, Goodman, Grant-Herriot, Green, Haigh, Haler, Hasegawa, Herrera, Hinkle, Hope, Hudgins, Hunt, Hurst, Jacks, Johnson, Kagi, Kelley, Kenney, Kessler, Kirby, Klippert, Kretz, Kristiansen, Liias, Linville, Maxwell, McCoy, McCune, Miloscia, Moeller, Morrell, Morris, Nelson, O'Brien, Orcutt, Ormsby, Orwall, Parker, Pearson, Pedersen, Pettigrew, Priest, Probst, Quall, Roach, Roberts, Rodne, Rolfes, Ross, Santos, Schmick, Seaquist, Sells, Short, Simpson, Smith, Springer, Sullivan, Takko, Upthegrove, Van De Wege, Wallace, Walsh, Warnick, White, Williams, Wood and Mr. Speaker.

Excused: Representatives Flannigan, Hunter and Shea.

SUBSTITUTE HOUSE BILL NO. 2003, having received the necessary constitutional majority, was declared passed.

**HOUSE BILL NO. 2147, by Representatives Liias, Pettigrew, Quall, McCoy, Chase and Kenney**

**Closing the achievement gap in order to provide all students an excellent and equitable education.**

The bill was read the second time.

There being no objection, Substitute House Bill No. 2147 was substituted for House Bill No. 2147 and the substitute bill was placed on the second reading calendar.

SUBSTITUTE HOUSE BILL NO. 2147 was read the second time.

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

Representative Liias spoke in favor of the passage of the bill.

The Speaker (Representative Morris presiding) stated the question before the House to be the final passage of Substitute House Bill No. 2147.

### ROLL CALL

The Clerk called the roll on the final passage of Substitute House Bill No. 2147 and the bill passed the House by the following vote: Yeas, 94; Nays, 0; Absent, 0; Excused, 3.

Voting yea: Representatives Alexander, Anderson, Angel, Appleton, Armstrong, Bailey, Blake, Campbell, Carlyle, Chandler, Chase, Clibborn, Cody, Condotta, Conway, Cox, Crouse, Dammeier, Darneille, DeBolt, Dickerson, Driscoll, Dunshee, Eddy, Ericks, Ericksen, Finn, Goodman, Grant-Herriot, Green, Haigh, Haler, Hasegawa, Herrera, Hinkle, Hope, Hudgins, Hunt, Hurst, Jacks, Johnson, Kagi, Kelley, Kenney, Kessler, Kirby, Klippert, Kretz, Kristiansen, Liias, Linville, Maxwell, McCoy, McCune, Miloscia, Moeller, Morrell, Morris, Nelson, O'Brien, Orcutt, Ormsby, Orwall, Parker, Pearson, Pedersen, Pettigrew, Priest, Probst, Quall, Roach, Roberts, Rodne, Rolfes, Ross, Santos, Schmick, Seaquist, Sells, Short, Simpson, Smith, Springer, Sullivan, Takko, Upthegrove, Van De Wege, Wallace, Walsh, Warnick, White, Williams, Wood and Mr. Speaker.

Excused: Representatives Flannigan, Hunter and Shea.

SUBSTITUTE HOUSE BILL NO. 2147, having received the necessary constitutional majority, was declared passed.

There being no objection, the following bills on the second reading calendar were returned to the Committee on Rules:

HOUSE BILL NO. 1543  
HOUSE BILL NO. 1766  
HOUSE BILL NO. 1994  
HOUSE BILL NO. 1704  
HOUSE BILL NO. 2020  
HOUSE BILL NO. 1015  
HOUSE BILL NO. 2291

### SPEAKER'S PRIVILEGE

The Speaker (Representative Morris presiding) thanked the House Interns and Cassidy Rehwaldt, Page Supervisor for their hard work during the evening floor session and asked the Chamber to acknowledge them.

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

There being no objection, the Committee on Rules was relieved of the following bills, and the bill were placed on the second reading calendar:

HOUSE BILL NO. 1147  
HOUSE BILL NO. 1172  
HOUSE BILL NO. 1197  
HOUSE BILL NO. 1419

HOUSE BILL NO. 1496  
HOUSE BILL NO. 1517  
HOUSE BILL NO. 1560  
HOUSE BILL NO. 1646  
HOUSE BILL NO. 1663  
HOUSE BILL NO. 1691  
HOUSE BILL NO. 1698  
HOUSE BILL NO. 1714  
HOUSE BILL NO. 1744  
HOUSE BILL NO. 1760  
HOUSE BILL NO. 1796  
HOUSE BILL NO. 1808  
HOUSE BILL NO. 1819  
HOUSE BILL NO. 1836  
HOUSE BILL NO. 1879  
HOUSE BILL NO. 1920  
HOUSE BILL NO. 1985  
HOUSE BILL NO. 2042  
HOUSE BILL NO. 2075  
HOUSE BILL NO. 2078  
HOUSE BILL NO. 2138  
HOUSE BILL NO. 2242  
HOUSE BILL NO. 2250  
HOUSE BILL NO. 2283  
HOUSE BILL NO. 2285  
HOUSE BILL NO. 2295

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

### STATEMENT FOR THE JOURNAL

Had I not been excused, I would have voted as indicated on the following bills:

NAY ENGROSSED SUBSTITUTE HOUSE BILL NO. 1883,  
YEA ENGROSSED SUBSTITUTE HOUSE BILL NO. 1889,  
YEA ENGROSSED HOUSE BILL NO. 1986,  
NAY ENGROSSED SECOND SUBSTITUTE HOUSE BILL NO. 1007,  
YEA ENGROSSED HOUSE BILL NO. 2040,  
YEA ENGROSSED SECOND SUBSTITUTE HOUSE BILL NO. 1021,  
NAY SECOND SUBSTITUTE HOUSE BILL NO. 1081,  
YEA SECOND SUBSTITUTE HOUSE BILL NO. 2227 (229),  
NAY ENGROSSED SECOND SUBSTITUTE HOUSE BILL NO. 2227,  
NAY HOUSE BILL NO. 1184,  
NAY SECOND SUBSTITUTE HOUSE BILL NO. 1373,  
NAY ENGROSSED SECOND SUBSTITUTE HOUSE BILL NO. 1701,  
YEA ENGROSSED SUBSTITUTE HOUSE BILL NO. 1741,  
NAY ENGROSSED SECOND SUBSTITUTE HOUSE BILL NO. 1747,  
YEA SECOND SUBSTITUTE HOUSE BILL NO. 1938,  
NAY ENGROSSED SUBSTITUTE HOUSE BILL NO. 1939,  
NAY SUBSTITUTE HOUSE BILL NO. 2198,  
YEA ENGROSSED SUBSTITUTE HOUSE BILL NO. 2278,  
NAY SECOND SUBSTITUTE HOUSE BILL NO. 1481,  
YEA ENGROSSED SUBSTITUTE HOUSE BILL NO. 1709,  
YEA SUBSTITUTE HOUSE BILL NO. 2003,  
YEA SUBSTITUTE HOUSE BILL NO. 2147,  
MATTHEW SHEA, 4th District

There being no objection, the House adjourned until 10:00 a.m., March 10, 2009, the 58th Day of the Regular Session.

FRANK CHOPP, Speaker

BARBARA BAKER, Chief Clerk

