

EIGHTH DAY

House Chamber, Olympia, Monday, March 22, 2010

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

The flags were escorted to the rostrum by a Sergeant at Arms Color Guard, Pages Samantha Casne and Jessica McCarthy. The Speaker led the Chamber in the Pledge of Allegiance. The prayer was offered by Representative Phyllis Kenney, 46th District.

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

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

SECOND READING

SUBSTITUTE SENATE BILL NO. 6706, by Senate Committee on Economic Development, Trade & Innovation (originally sponsored by Senators Murray, Delvin, Kastama, Shin, Marr, Kilmer and Kohl-Welles)

Concerning the commercialization of research at state universities.

The bill was read the second time.

Representative Kenney moved the adoption of amendment (1672).

Strike everything after the enacting clause and insert the following:

"NEW SECTION. Sec. 1. A new section is added to chapter 28B.10 RCW to read as follows:

(1) It is the intent of the legislature that state universities engage in the commercialization of research and other economic development and workforce development activities that benefit the intermediate and long-term economic vitality of Washington. State universities are expected to develop and strengthen university-industry relationships through the conduct of research, the support of company formation and job generation, and collaborative training. The state universities, using in-house university resources and not contractors, must perform one or more of the following functions:

(a) Provide collaborative research and technology transfer opportunities;

(b) Publicize their commercialization processes and include an explanation of how to access commercialization resources at the universities;

(c) Develop mechanisms for pairing researchers, entrepreneurs, and investors. Such mechanisms are to include, but are not limited to, developing guides, web sites, or workshops on funding opportunities, on entrepreneurship and the process of starting a company, and on university-industry relations;

(d) Host events to connect researchers to entrepreneurs, investors, and individuals from the state's technology-based industries; and

(e) Provide opportunities for training undergraduate and graduate students through direct involvement in research and industry interactions.

(2) In carrying out the functions in this section, the universities may work with and through the higher education coordinating board.

NEW SECTION. Sec. 2. A new section is added to chapter 28B.10 RCW to read as follows:

To support the formation of companies created around the technologies developed at state universities, the state universities are authorized to establish and administer bridge-funding programs for start-up companies using funds from the federal government and the private sector."

Correct the title.

Representative Anderson moved the adoption of amendment (1676) to amendment (1672).

On page 1, line 5 of the striking amendment, after "state" insert "and regional"

On page 1, line 8 of the striking amendment, after "State" insert "and regional"

On page 1, line 11 of the striking amendment, after "state" insert "and regional"

On page 2, line 4 of the striking amendment, after "at state" strike "universities, the state" and insert "and regional universities, the state and regional"

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

Representative Maxwell spoke against the adoption of the amendment to the amendment.

Amendment (1676) to amendment (1672) was not adopted.

Representative Anderson moved the adoption of amendment (1675) to amendment (1672).

On page 1, line 12 of the striking amendment, after "using" strike all material through "contractors" and insert "a collaborative process that may include both in-house resources and independent contractors with necessary technical expertise or innovative processes"

Representatives Anderson and Kenney spoke in favor of the adoption of the amendment to the amendment.

Amendment (1675) to amendment (1672) was adopted.

Representative Chase moved the adoption of amendment (1673) to amendment (1672).

On page 1, after line 30 of the striking amendment, insert the following:

"(3) The state universities must deposit into the state general fund seven percent of the license or royalty income a state university receives from licensing any intellectual property derived

from commercialization of research funded by the university. A state university must ensure that contracts or other commitments entered into pursuant to its commercialization of university research contain provisions necessary to implement this subsection."

Representatives Chase and Hasegawa spoke in favor of the adoption of the amendment to the amendment.

Representatives Anderson and Maxwell spoke against the adoption of the amendment to the amendment.

Amendment (1673) to amendment (1672) was not adopted.

Representative Chase moved the adoption of amendment (1674) to amendment (1672).

On page 1, after line 30 of the striking amendment, insert the following:

"(3) The state universities must identify the anticipated return on investment to the state derived from the commercialization of research funded by the university, including but not limited to income from royalty rights and intellectual property rights, and ensure that, in any contracts or other commitments made by the university, such revenue derived from the return on investment is deposited in the state general fund."

Representative Chase spoke in favor of the adoption of the amendment to the amendment.

Representatives Anderson and Maxwell spoke against the adoption of the amendment to the amendment.

Amendment (1674) amendment (1672) was not adopted.

Representative Anderson moved the adoption of amendment (1677) to amendment (1672).

On page 2, after line 7 of the striking amendment, insert the following:

"NEW SECTION. Sec. 3. (1) The state's research universities shall, pursuant to RCW 42.52.220, update their written administrative processes to address the reasonable use of university facilities, services, and commercialization resources by university research employees to support start-up companies that are created around the technologies developed at these universities. By September 1, 2010, the universities must report on the adopted administrative processes to the senate committees on higher education and workforce development and on economic development, trade and innovation and the house committees on higher education and on community and economic development and trade.

(2) This section expires December 31, 2010."

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

Representative Kenney spoke against the adoption of the amendment to the amendment.

Amendment (1677) to amendment (1672) was not adopted.

Amendment (1672) was adopted as amended.

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

Representatives Kenney, Anderson, Hasegawa, Hunter and Linville spoke in favor of the passage of the bill.

The Speaker (Representative Moeller presiding) stated the question before the House to be the final passage of Substitute Senate Bill No. 6706, as amended by the House.

POINT OF ORDER

Representative Carlyle: "Mr. Speaker, I have a business relationship that has an indirect business relationship with a research and development project associated with the University and I ask for recusal for voting on this measure".

SPEAKER'S RULING

Mr. Speaker (Representative Moeller presiding): "The member is recused from this vote".

MOTIONS

On motion of Representative Santos, Representatives Kelley and Morris were excused. On motion of Representative Hinkle, Representatives Crouse, Hope and Roach were excused.

ROLL CALL

The Clerk called the roll on the final passage of Substitute Senate Bill No. 6706, as amended by the House, and the bill passed the House by the following vote: Yeas, 90; Nays, 2; Absent, 0; Excused, 6.

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

Voting nay: Representatives Hasegawa and Williams.

Excused: Representatives Carlyle, Crouse, Hope, Kelley, Morris and Roach.

SUBSTITUTE SENATE BILL NO. 6706, as amended by the House, having received the necessary constitutional majority, was declared passed.

SECOND ENGROSSED SENATE BILL NO. 6221, by Senator Fairley

Concerning clarification and expansion of eligibility to use the state's local government investment pool.

The bill was read the second time.

There being no objection, the committee amendment by the Committee on State Government & Tribal Affairs, was adopted. (For Committee amendment, see Journal, Day 44, February 23, 2010).

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

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

Representative Armstrong 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 Engrossed Senate Bill No. 6221, as amended by the House.

ROLL CALL

The Clerk called the roll on the final passage of Second Engrossed Senate Bill No. 6221, as amended by the House, and the bill passed the House by the following vote: Yeas, 60; Nays, 33; Absent, 0; Excused, 5.

Voting yea: Representatives Appleton, Blake, Carlyle, Chase, Clibborn, Cody, Conway, Darneille, Dickerson, Driscoll, 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, Nelson, O'Brien, 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, Campbell, Chandler, Condotta, Dammeier, DeBolt, Ericksen, Fagan, Haler, Herrera, Hinkle, Johnson, Klippert, Kretz, Kristiansen, McCune, Nealey, Orcutt, Parker, Pearson, Rodne, Ross, Schmick, Shea, Short, Smith, Taylor, Walsh and Warnick.

Excused: Representatives Crouse, Hope, Kelley, Morris and Roach.

SECOND ENGROSSED SENATE BILL NO. 6221, as amended by the House, having received the necessary constitutional majority, was declared passed.

SUBSTITUTE SENATE BILL NO. 6727, by Senate Committee on Ways & Means (originally sponsored by Senators Marr and Brown)

Concerning health sciences and services authorities.

The bill was read the second time.

Representative Hunter moved the adoption of the committee amendment by the Committee on Finance. (For Committee amendment, see Journal, Day 4, March 18, 2010).

Representative Warnick moved the adoption of amendment (1721) to the committee amendment.

On page 3, after line 14 of the amendment, insert the following:

"Sec. 2. RCW 35.104.040 and 2007 c 251 s 4 are each amended to read as follows:

(1) The higher education coordinating board may approve applications submitted by local governments for an area's designation as a health sciences and services authority under this chapter. The director ~~((shall))~~ **must** determine the division to review applications submitted by local governments under this chapter. The application for designation ~~((shall))~~ **must** be in the form and manner and contain

such information as the higher education coordinating board may prescribe, provided the application ~~((shall))~~:

(a) Contains sufficient information to enable the director to determine the viability of the proposal;

(b) Demonstrates that an ordinance or resolution has been passed by the legislative authority of a local government that delineates the boundaries of an area that may be designated an authority;

(c) ~~((Be))~~ **Is** submitted on behalf of the local government, or, if that office does not exist, by the legislative body of the local government;

(d) Demonstrates that the public funds directed to programs or facilities in the authority will leverage private sector resources and contributions to activities to be performed;

(e) Provides a plan or plans for the development of the authority as an entity to advance as a cluster for health sciences education, health sciences research, biotechnology development, biotechnology product commercialization, and/or health care services; and

(f) Demonstrates that the state has previously provided funds to health sciences and services programs or facilities in the applicant city, town, or county.

(2) The director ~~((shall))~~ **must** determine the division to develop criteria to evaluate the application. The criteria ~~((shall))~~ **must** include:

(a) The presence of infrastructure capable of spurring development of the area as a center of health sciences and services;

(b) The presence of higher education facilities where undergraduate or graduate coursework or research is conducted; and

(c) The presence of facilities in which health services are provided.

(3) There ~~((shall))~~ **may** be no more than ~~((one authority))~~ **two authorities** statewide.

(4) An authority may only be created in a county with a population of less than one million persons and located east of the crest of the Cascade mountains.

(5) The director may reject or approve an application. When denying an application, the director must specify the application's deficiencies. The decision regarding such designation as it relates to a specific local government is final; however, a rejected application may be resubmitted.

(6) Applications are due by December 31, ~~((2007))~~ **2010**, and must be processed within sixty days of submission.

(7) The director may, at his or her discretion, amend the boundaries of an authority upon the request of the local government.

(8) The higher education coordinating board may adopt any rules necessary to implement this chapter ~~((251, Laws of 2007 within one hundred twenty days of July 22, 2007)).~~

(9) The higher education coordinating board must develop evaluation and performance measures in order to evaluate the effectiveness of the programs in the authorities that are funded with public resources. A report to the legislature ~~((shall be))~~ **is** due on a biennial basis beginning December 1, 2009. In addition, the higher education coordinating board ~~((shall))~~ **must** develop evaluation criteria that enables the local governments to measure the effectiveness of the program.

Sec. 3. RCW 82.14.480 and 2007 c 251 s 11 are each amended to read as follows:

(1) The legislative authority of a local jurisdiction that has created a health sciences and services authority under RCW 35.104.030 prior to January 1, 2010, may impose a sales and use tax in accordance with the terms of this chapter. The tax is in addition to other taxes authorized by law and ~~((shall))~~ **must** be collected from those persons who are taxable by the state under chapters 82.08 and 82.12 RCW upon the occurrence of any taxable event within the local jurisdiction. The rate of the tax ~~((shall))~~ **may** not exceed 0.020 percent of the selling price in the case of a sales tax or the value of the article used in the case of a use tax.

(2) The tax imposed under subsection (1) of this section (~~shall~~) must be deducted from the amount of tax otherwise required to be collected or paid over to the department under chapter 82.08 or 82.12 RCW. The department of revenue (~~shall~~) must perform the collection of the tax on behalf of the authority at no cost to the authority.

(3) The amounts received under this section may only be used in accordance with RCW 35.104.060 or to finance and retire the indebtedness incurred pursuant to RCW 35.104.070, in whole or in part.

(4) This section expires January 1, 2023."

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

Representatives Warnick, Hinkle, Kenney, Hasegawa and Invillie spoke in favor of the adoption of the amendment to the committee amendment.

Representatives Hunter and Dunshee spoke against the adoption of the amendment to the committee amendment.

There being no objection, the House deferred further action on Substitute Senate Bill No. 6727 and the bill held its place on the second reading calendar.

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

MESSAGE FROM THE SENATE

March 20, 2010

Mr. Speaker:

The Senate has passed ENGROSSED SUBSTITUTE HOUSE BILL NO. 2753 with the following amendment:

Strike everything after the enacting clause and insert the following:

"**NEW SECTION. Sec. 1.** This act may be known and cited as the Washington works housing act of 2010.

Sec. 2. RCW 43.180.160 and 2009 c 291 s 1 are each amended to read as follows:

(1) The total amount of outstanding indebtedness of the commission may not exceed six billion dollars at any time. The calculation of outstanding indebtedness shall include the initial principal amount of an issue and shall not include interest that is either currently payable or that accrues as a part of the face amount of an issue payable at maturity or earlier redemption. Outstanding indebtedness shall not include notes or bonds as to which the obligation of the commission has been satisfied and discharged by refunding or for which payment has been provided by reserves or otherwise.

(2)(a) The Washington works housing program is created to increase opportunities for nonprofit organizations and public agencies to purchase, acquire, build, and own real property to be used for affordable housing for low and moderate-income households. The Washington works housing program is intended to provide access to new funding mechanisms and build long-term community equity by increasing the stock of permanently affordable housing owned by nonprofit organizations and public agencies.

(b) The Washington works housing program is intended to provide these opportunities for public agencies and nonprofit organizations, including those materially participating as a managing member or general partner of a partnership, limited liability company, or equivalent organization, through the issuance of tax exempt or taxable revenue bonds issued by the commission in conjunction with a subsidy necessary to make bond issues to finance affordable housing properties financially feasible. The program is intended to

provide financing for affordable housing that will meet the following income and rent restrictions during the period of initial bond indebtedness and thereafter:

(c) During the period of initial bond indebtedness under the program, the owner of the property must meet one of the following requirements: A minimum of twenty percent of the units will be occupied by households earning less than fifty percent of area median income and an additional thirty-one percent of the units will be occupied by persons earning less than eighty percent of area median income; or forty percent of the units will be occupied by households earning less than sixty percent of area median income and an additional eleven percent of the units will be occupied by households earning less than eighty percent of area median income.

(d) After the initial bond indebtedness is retired, the rents charged for units in the project will be adjusted to be sufficient to pay reasonable operation and maintenance expenses, including necessary capital needs, and to make reasonable deposits into a reserve account with the intent of providing affordable housing to very low or low-income households for the remaining useful life of the property. The reasonableness of the rent levels must be periodically approved by the commission based on information provided by the owner of the property about income, expenses, and necessary reserve levels. The determination of the commission regarding the reasonableness of the rent levels will be final.

(e) The commission will enter into a recorded regulatory agreement with the borrower at the time of the issuance of bonds under the program for the purpose of ensuring that the property will meet the income and rent restrictions established in this section. The commission may charge such compliance fees as necessary to ensure enforcement of the income and rent restrictions during the useful life of the property.

(3) One billion dollars of the outstanding indebtedness of the commission is for the primary purpose of implementing the Washington works housing program.

(4) If no subsidies are available to make the program in subsection (2) of this section feasible; then the commission may pass a resolution stating these facts and authorize the use of a portion of the one billion dollars of indebtedness intended for the program to support its other bond programs until such time as the one billion dollars is exhausted or subsidies are available to make the program feasible.

Sec. 3. RCW 39.86.100 and 2001 c 330 s 1 are each amended to read as follows:

The federal (~~tax reform act~~) internal revenue code of 1986, as amended imposes (~~an annual~~) ceilings on the aggregate amount of (~~federally tax exempt private activity~~) certain types of bonds, including tax-exempt private activity bonds (~~for housing, student loans, exempt facilities, small issue industrial, redevelopment, and certain public utility projects~~) and other types, that may be issued during any calendar year by or on behalf of states and their political subdivisions. (~~In 2001, the ceiling will be increased to sixty two dollars and fifty cents per capita and in 2002 the ceiling will be increased to seventy five dollars per capita, to be indexed annually, for 2003 and every year thereafter. However, a study by the department of community development indicates that the dollar amount of the state ceiling is considerably less than the anticipated dollar amount for which issuers would need an allocation from the state ceiling.~~) The (~~tax reform act of 1986~~) code provides a formula for allocating the annual tax-exempt private activity bond ceiling among various issuers of private activity bonds for housing, student loans, exempt facilities, and redevelopment projects within a state, but permits each state to enact a different allocation method that is appropriate to that state's needs. In addition, congress might, from time to time, amend the code by authorizing state ceilings on additional types of bonds. The purpose of this chapter is to provide a flexible and efficient method of allocating the annual state ceiling in

Washington in a manner that recognizes the need of the state and its political subdivisions to finance activities or projects that satisfy a substantial public purpose.

Sec. 4. RCW 39.86.110 and 2009 c 565 s 23 are each reenacted and amended to read as follows:

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

(1) "Agency" means the department of commerce.

(2) (~~"Board" means the community economic revitalization board established under chapter 43.160 RCW.~~)

(~~3~~) "Bond use category" means: (a) Any of the following categories of bonds which are subject to the annual state tax-exempt private activity bond ceiling: (~~(i)~~) (i) Housing, (~~(ii)~~) (ii) student loans, (~~(iii)~~) (iii) small issue, (~~(iv)~~) (iv) exempt facility, (~~(v)~~) (v) redevelopment, (~~(f) public utility; and (g)~~) and (vi) remainder; and (b) any other categories of bonds described in the code for which there is a separate ceiling, with the exception of bonds designated solely for school district purposes.

(~~4~~) (3) "Bonds" means bonds, notes, or other obligations of an issuer.

(~~5~~) (4) "Carryforward" is an allocation or reallocation of the state ceiling which is carried from one calendar year to a later year, in accordance with the code.

(~~6~~) (5) "Code" means the federal internal revenue code of 1986 (~~as it exists on May 8, 1987. It also means the code as amended after May 8, 1987, but only if the amendments are approved by the agency under RCW 39.86.180~~), as amended.

(~~7~~) (6) "Director" means the director of the agency or the director's designee.

(~~8~~) (7) "Exempt facility" means the bond use category which includes all bonds which are exempt facility bonds as described in the code, except those for qualified residential rental projects.

(~~9~~) (8) "Firm and convincing evidence" means documentation that satisfies the director that the issuer is committed to the prompt financing of, and will issue (~~tax-exempt~~) bonds for, the project or program for which it requests an allocation from the state ceiling.

(~~10~~) (9) "Housing" means the bond use category which includes: (a) Mortgage revenue bonds and mortgage credit certificates as described in the code; and (b) exempt facility bonds for qualified residential rental projects as described in the code.

(~~11~~) (10) "Initial allocation" means the portion or dollar value of the annual state tax-exempt private activity bond ceiling which initially in each calendar year is allocated to a bond use category for the issuance of private activity bonds, in accordance with RCW 39.86.120.

(~~12~~) (11) "Issuer" means the state, any agency or instrumentality of the state, any political subdivision, or any other entity authorized to issue (~~private activity~~) bonds under state law.

(12) "Original allocation" means any allocation of bond authority by a mandatory formula in the code, except for the initial allocations of the annual state ceiling on tax-exempt private activity bonds.

(13) "Private activity bonds" means obligations that are private activity bonds as defined in the code or bonds for purposes described in section 1317(25) of the (~~tax reform act~~) federal internal revenue code of 1986, as amended.

(14) "Program" means the activities for which housing bonds (~~or student loan bonds~~) may be issued.

(15) (~~"Public utility" means the bond use category which includes those bonds described in section 1317(25) of the tax reform act of 1986.~~)

(~~16~~) (16) "Redevelopment" means the bond use category which includes qualified redevelopment bonds as described in the code.

(~~17~~) (16) "Remainder" means that portion of the annual state tax-exempt private activity bond ceiling remaining after initial allocations are made under RCW 39.86.120 for any other bond use category.

(~~18~~) (17) "Small issue" means the bond use category which includes all industrial development bonds that constitute qualified small issue bonds, as described in the code.

(~~19~~) (18) "State" means the state of Washington.

(~~20~~) (19) "State ceiling" means the volume limitation for each calendar year on (~~tax-exempt private activity~~) specific bond(s) types, including tax-exempt private activity bonds and other bonds, as imposed by the code.

(~~21~~) (20) "Student loans" means the bond use category which includes qualified student loan bonds as described in the code.

NEW SECTION. Sec. 5. A new section is added to chapter 39.86 RCW to read as follows:

Original allocations or any reallocations of state bond ceilings other than the tax-exempt private activity bond ceiling must be determined by formula as provided in the code, or by department rule if no formula is provided in the code.

Sec. 6. RCW 39.86.120 and 2001 c 330 s 2 are each amended to read as follows:

(1) Except as provided in subsections (2) and (4) of this section, the initial allocation of the state ceiling shall be for each year as follows:

BOND USE CATEGORY	(2001 2002 and	THEREAFTER 2010 and	ALTERNATIVE ALLOCATION)) 2010 and
	(2001	THEREAFTER	THEREAFTER
Housing	(27.5% 30.0%)	30.0%	32.0%
Small Issue	(24.5% 24.0%)	24.0%	25.0%
Exempt Facility	(19.5% 19.0%)	19.0%	20.0%
Student Loans	(14.5% 14.0%)	14.0%	15.0%
Public Utility	(10.0% 10.0%)	10.0%	0.0%
Remainder and Redevelopment	(4.0% 3.0%)	3.0%	8.0%

(2) Initial allocations may be modified by the agency only to reflect an issuer's carryforward amount. Any reduction of the initial allocation shall be added to the remainder and be available for allocation or reallocation.

(3) The remainder shall be allocated by the agency among one or more issuers from any bond use category with regard to the criteria specified in RCW 39.86.130.

(4) Should any bond use category no longer be subject to the state ceiling due to federal or state provisions of law, the agency shall divide the amount of that initial allocation among the remaining categories as necessary or appropriate with regard to the criteria specified in RCW 39.86.130. (~~Upon the earlier of: (a) Exhaustion of the seven hundred fifty million dollar authority under I.R.C. 1317(25), or any new federal legislation increasing the amount of authority, or creating additional authority; or (b) waiver of the authority described under (a) of this subsection due to alternative federal authority that does not use a state volume cap, then the alternative allocation schedule in subsection (1) of this section will be used.~~)

(5)(a) Prior to (~~September 1~~) **July 1st** of each calendar year, any available portion of an initial allocation may be allocated or reallocated only to an issuer within the same bond use category, except that the remainder category, or portions thereof, may be allocated at any time to any bond use category.

(b) Beginning (~~September 1~~) **July 1st** of each calendar year, the agency may allocate or reallocate any available portion of the state

ceiling to any bond use category with regard to the criteria specified in RCW 39.86.130.

Sec. 7. RCW 39.86.130 and 1987 c 297 s 4 are each amended to read as follows:

(1) In granting an allocation, reallocation, or carryforward of the state ceiling as provided in this chapter, the agency shall consider existing state priorities and other such criteria, including but not limited to, the following criteria:

(a) Need of issuers to issue ~~((private activity))~~ bonds within a bond use category subject to a state ceiling;

(b) Amount of the state ceiling available;

(c) Public benefit and purpose to be satisfied, including economic development, educational opportunity, and public health, safety, or welfare;

(d) Cost or availability of alternative methods of financing for the project or program; and

(e) Certainty of using the allocation which is being requested.

(2) In determining whether to allocate an amount of the state ceiling to an issuer within any bond use category, the agency shall consider, but is not limited to, the following criteria for each of the bond use categories:

(a) Housing: Criteria which comply with RCW 43.180.200.

(b) Student loans: Criteria which comply with the applicable provisions of Title 28B RCW and rules adopted by the higher education coordinating board or applicable state agency dealing with student financial aid.

(c) Small issue: ~~((Recommendation by the board regarding how the amount of the state ceiling set aside for the small issue bond use category shall be allocated among issuers.))~~ Factors which may include:

(i) The number of employment opportunities the project is likely to create or retain in relation to the amount of the bond issuance;

(ii) The level of unemployment existing in the geographic area likely to be affected by the project;

(iii) A commitment to providing employment opportunities to low-income persons in cooperation with the employment security department;

(iv) Geographic distribution of projects;

(v) The number of persons who will benefit from the project;

(vi) Consistency with criteria identified in subsection (1) of this section; and

(vii) Order in which requests were received;~~(-and~~

~~—(viii) Requirements of the board's umbrella bond program)).~~

(d) Exempt facility or redevelopment: Factors which may include:

(i) State issuance needs;

(ii) Consistency with criteria identified in subsection (1) of this section;

(iii) Order in which requests were received;

(iv) The proportionate number of persons in relationship to the size of the community who will benefit from the project; and

(v) The unique timing and issuance needs of large scale projects that may require allocations in more than one year.

(e) Public utility: Factors which may include:

(i) Consistency with criteria identified in subsection (1) of this section; and

(ii) Timing needs for issuance of bonds over a multi-year period.

Sec. 8. RCW 39.86.140 and 1987 c 297 s 5 are each amended to read as follows:

(1) No issuer may receive an allocation of the state ceiling without a certificate of approval from the agency.

(2)~~((+))~~ For each state ceiling allocation request, an issuer shall submit to the agency, no sooner than ninety days prior to the beginning of a calendar year for which an allocation of the state ceiling is being requested, a form identifying:

~~((+))~~ (a) The amount of the allocation sought;

~~((+))~~ (b) The bond use category from which the allocation sought would be made;

~~((+))~~ (c) The project or program for which the allocation is requested;

~~((+))~~ (d) The financing schedule for which the allocation is needed; and

~~((+))~~ (e) Any other such information required by the agency, including information which corresponds to the allocation criteria of RCW 39.86.130.

~~((b) Nothing in (a) of this subsection precludes a public utility issuer from filing and the agency from considering a request at such times as may be appropriate in order to meet the criteria set forth in RCW 39.86.130(2)(e)(i).))~~

(3) The agency may approve or deny an allocation for all or a portion of the issuer's request. Any denied request, however, shall remain on file with the agency for the remainder of the calendar year and shall be considered for receiving any allocation, reallocation, or carryforward of unused portions of the state ceiling during that period.

(4) After receiving an allocation request, the agency shall mail to the requesting issuer a written certificate of approval or notice of denial for an allocation amount, by a date no later than the latest of the following:

(a) ~~(Forty five days from May 8, 1987;~~

~~—(b))~~ February 1st of the calendar year~~(, other than 1987,))~~ for which the request is made;

~~((+))~~ (b) Fifteen days from the date the agency receives an allocation request; or

~~((d))~~ (c) Fifteen days from the date the agency receives a recommendation by the board with regard to a small issue allocation request, should the board choose to review individual requests.

(5)(a) For requests of the state ceiling of any calendar year, the following applies to all bond use categories except housing and student loans:

(i) Except for housing and student loans, any allocations granted prior to April 1st, for which bonds have not been issued by ~~((September 1))~~ July 1st of the same calendar year, shall revert to the agency on ~~((September 1))~~ July 1st of the same calendar year for reallocation unless an extension or carryforward is granted;

(ii) Except for housing and student loans, any allocations granted on or after April 1st, for which bonds have not been issued by ~~((December 15))~~ October 15th of the same calendar year, shall revert to the agency on ~~((December 15))~~ October 15th of the same calendar year for reallocation unless an extension or carryforward is granted.

(b) For each calendar year, any housing or student loan allocations, for which bonds have not been issued by December 15th of the same calendar year, shall revert to the agency on December 15th of the same calendar year for reallocation unless an extension or carryforward is granted.

(6) An extension of the deadlines provided by subsection (5) of this section may be granted by the agency for the approved allocation amount or a portion thereof, based on:

(a) Firm and convincing evidence that the bonds will be issued before the end of the calendar year if the extension is granted; and

(b) Any other criteria the agency deems appropriate.

(7) If an issuer determines that bonds subject to the state ceiling will not be issued for the project or program for which an allocation was granted, the issuer shall promptly notify the agency in writing so that the allocation may be canceled and the amount may be available for reallocation.

(8) Bonds subject to the state ceiling may be issued only to finance the project or program for which a certificate of approval is granted.

(9) Within three business days of the date that bonds for which an allocation of the state ceiling is granted have been delivered to the original purchasers, the issuer shall mail to the agency a written notification of the bond issuance. In accordance with chapter 39.44

RCW, the issuer shall also complete bond issuance information on the form provided by the agency.

(10) If the total amount of ~~((tax-exempt))~~ bonds issued under the authority of a state ceiling for a project or program is less than the amount allocated, the remaining portion of the allocation shall revert to the agency for reallocation in accordance with the criteria in RCW 39.86.130. If the amount of ~~((tax-exempt))~~ bonds actually issued under the authority of a state ceiling is greater than the amount allocated, the entire allocation shall be disallowed.

Sec. 9. RCW 39.86.150 and 1987 c 297 s 6 are each amended to read as follows:

(1) Beginning ~~((September 1))~~ July 1st of each calendar year, the agency may allocate or reallocate any portions of the annual state tax-exempt private activity bond ceiling for which no certificate of approval is in effect. Reallocations may also be made from the remainder category at any time during the year.

(2) Prior to the end of each calendar year, the agency shall allocate or reallocate any unused portions of the state ceiling among one or more issuers as carryforward, to be used within three years, in accordance with the code and relevant criteria described in RCW 39.86.130.

(3) Reallocations of state bond ceilings other than the annual tax-exempt private activity bond ceiling may be made by the agency in accordance with the code or as established in agency rule when not specified in the code.

Sec. 10. RCW 39.86.170 and 1987 c 297 s 8 are each amended to read as follows:

A fee schedule shall be established by rule by the agency to assist in support of bond allocation activities. Fees shall reflect costs actually incurred or expected to be incurred by the agency in its bond allocation and bond users clearinghouse activities.

Sec. 11. RCW 39.86.190 and 2009 c 518 s 19 are each amended to read as follows:

By February 1st of each even-numbered year, the agency shall summarize for the legislature each previous year's bond allocation requests and issuance. Beginning in ~~((June of 1988))~~ February 2010 and thereafter in ~~((June))~~ February of each even-numbered year, the agency shall also submit a biennial report summarizing usage of the bond allocation proceeds and any policy concerns for future bond allocations.

NEW SECTION. Sec. 12. RCW 39.86.200 (Ratification) and 1987 c 297 s 11 are each repealed."

On page 1, line 1 of the title, after "program;" strike the remainder of the title and insert "amending RCW 43.180.160, 39.86.100, 39.86.120, 39.86.130, 39.86.140, 39.86.150, 39.86.170, and 39.86.190; reenacting and amending RCW 39.86.110; adding a new section to chapter 39.86 RCW; creating a new section; and repealing RCW 39.86.200."

and the same is herewith transmitted.

Thomas Hoeman, Secretary

THIRD READING

SENATE AMENDMENT TO HOUSE BILL

There being no objection, the House concurred in the Senate amendment to ENGROSSED SUBSTITUTE HOUSE BILL NO. 2753 and advanced the bill, as amended by the Senate to final passage.

FINAL PASSAGE OF HOUSE BILL AS SENATE AMENDED

Representatives Orwall and Warnick 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. 2753, as amended by the Senate.

ROLL CALL

The Clerk called the roll on the final passage of Engrossed Substitute House Bill No. 2753, as amended by the Senate, and the bill passed the House by the following vote: Yeas, 71; Nays, 22; Absent, 0; Excused, 5.

Voting yea: Representatives Angel, Appleton, Bailey, Blake, Campbell, Carlyle, Chase, Clibborn, Cody, Conway, Dammeier, Darneille, Dickerson, Driscoll, Dunshee, Eddy, Ericks, Finn, Flannigan, Goodman, Green, Haigh, Haler, Hasegawa, Hinkle, Hudgins, Hunt, Hunter, Hurst, Jacks, Kagi, Kenney, Kessler, Kirby, Liias, Linville, Maxwell, McCoy, McCune, Miloscia, Moeller, Morrell, 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, Walsh, Warnick, White, Williams, Wood and Mr. Speaker.

Voting nay: Representatives Alexander, Anderson, Armstrong, Chandler, Condotta, DeBolt, Erickson, Fagan, Herrera, Johnson, Klippert, Kretz, Kristiansen, Nealey, Orcutt, Pearson, Rodne, Ross, Schmick, Shea, Short and Taylor.

Excused: Representatives Crouse, Hope, Kelley, Morris and Roach.

ENGROSSED SUBSTITUTE HOUSE BILL NO. 2753, as amended by the Senate, having received the necessary constitutional majority, was declared passed.

MESSAGE FROM THE SENATE

March 19, 2010

Mr. Speaker:

The Senate has passed ENGROSSED SUBSTITUTE HOUSE BILL NO. 3014 with the following amendment:

Strike everything after the enacting clause and insert the following:

"Sec. 1. RCW 82.60.010 and 1985 c 232 s 1 are each amended to read as follows:

The legislature finds that there are several areas in the state that are characterized by very high levels of unemployment and poverty. The ~~((legislative legislature))~~ legislature further finds that economic stagnation is the primary cause of this high unemployment rate and poverty; that new state policies are necessary in order to promote economic stimulation and new employment opportunities in these distressed areas; and that policies providing incentives for economic growth in these distressed areas are essential. For these reasons, the legislature ~~((hereby))~~ reestablishes a tax deferral program to be effective solely in distressed ~~((areas and under circumstances where the deferred tax payments are for investments or costs that result in the creation of a specified number of jobs))~~ counties. The legislature declares that this limited program serves the vital public purpose of creating employment opportunities and reducing poverty in the distressed ~~((areas))~~ counties of the state.

Sec. 2. RCW 82.60.020 and 2010 c ... (SHB 3066) s 138 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 applying for a tax deferral under this chapter.

(2) "Department" means the department of revenue.

(3) "Eligible area" means ~~((a))~~;

(a) Through June 30, 2010, a rural county as defined in RCW 82.14.370; and

(b) Beginning July 1, 2010, a qualifying county.

(4)(a) "Eligible investment project" means an investment project that is located, as of the date the application required by RCW 82.60.030 is received by the department, in an eligible area as defined in subsection (3) of this section.

~~(b) ((The lessor or owner of a qualified building is not eligible for a deferral unless:~~

~~—(i) The underlying ownership of the buildings, machinery, and equipment vests exclusively in the same person; or~~

~~—(ii)(A) The lessor by written contract agrees to pass the economic benefit of the deferral to the lessee;~~

~~—(B) The lessee that receives the economic benefit of the deferral agrees in writing with the department to complete the annual survey required under RCW 82.60.070; and~~

~~—(C) The economic benefit of the deferral passed to the lessee is no less than the amount of tax deferred by the lessor and is evidenced by written documentation of any type of payment, credit, or other financial arrangement between the lessor or owner of the qualified building and the lessee.~~

~~—(e))~~ "Eligible investment project" does not include any portion of an investment project undertaken by a light and power business as defined in RCW 82.16.010(4), other than that portion of a cogeneration project that is used to generate power for consumption within the manufacturing site of which the cogeneration project is an integral part, or investment projects ~~((which))~~ that have already received deferrals under this chapter.

(5) "Initiation of construction" has the same meaning as in RCW 82.63.010.

(6) "Investment project" means an investment in qualified buildings or qualified machinery and equipment, including labor and services rendered in the planning, installation, and construction of the project.

(7) "Manufacturing" means the same as defined in RCW 82.04.120. "Manufacturing" also includes:

(a) Before July 1, 2010: (i) Computer programming, the production of computer software, and other computer-related services, but only when the computer programming, production of computer software, or other computer-related services are performed by a manufacturer as defined in RCW 82.04.110 and contribute to the production of a new, different, or useful substance or article of tangible personal property for sale; (ii) the activities performed by research and development laboratories and commercial testing laboratories(,); and (iii) the conditioning of vegetable seeds; and

(b) Beginning July 1, 2010: (i) The activities performed by research and development laboratories and commercial testing laboratories; and (ii) the conditioning of vegetable seeds.

(8) "Person" has the meaning given in RCW 82.04.030.

(9) "Qualified buildings" means construction of new structures, and expansion or renovation of existing structures for the purpose of increasing floor space or production capacity used for manufacturing and research and development activities, including plant offices and warehouses or other facilities for the storage of raw material or finished goods if such facilities are an essential or an integral part of a factory, mill, plant, or laboratory used for manufacturing or research and development. If a building is used partly for manufacturing or research and development and partly for other purposes, the applicable tax deferral ~~((shall))~~ must be determined by apportionment of the costs of construction under rules adopted by the department.

(10) "Qualified employment position" means a permanent full-time employee employed in the eligible investment project during the entire tax year. The term "entire tax year" means a full-time position that is filled for a period of twelve consecutive months. The term "full-time" means at least thirty-five hours a week, four hundred

fifty-five hours a quarter, or one thousand eight hundred twenty hours a year.

(11) "Qualified machinery and equipment" means all new industrial and research fixtures, equipment, and support facilities that are an integral and necessary part of a manufacturing or research and development operation. "Qualified machinery and equipment" includes: Computers; software; data processing equipment; laboratory equipment; manufacturing components such as belts, pulleys, shafts, and moving parts; molds, tools, and dies; operating structures; and all equipment used to control or operate the machinery.

(12) "Qualifying county" means a county that has an unemployment rate, as determined by the employment security department, which is at least twenty percent above the state average for the three calendar years immediately preceding the year in which the list of qualifying counties is established or updated, as the case may be, as provided in section 3 of this act.

(13) "Recipient" means a person receiving a tax deferral under this chapter.

~~((13))~~ (14) "Research and development" means the development, refinement, testing, marketing, and commercialization of a product, service, or process before commercial sales have begun, but only when such activities are intended to ultimately result in the production of a new, different, or useful substance or article of tangible personal property for sale. As used in this subsection, "commercial sales" excludes sales of prototypes or sales for market testing if the total gross receipts from such sales of the product, service, or process do not exceed one million dollars.

NEW SECTION. Sec. 3. A new section is added to chapter 82.60 RCW to read as follows:

The department, with the assistance of the employment security department, must establish a list of qualifying counties effective July 1, 2010. The list of qualifying counties is effective for a twenty-four month period and must be updated by July 1st of the year that is two calendar years after the list was established or last updated, as the case may be.

NEW SECTION. Sec. 4. A new section is added to chapter 82.60 RCW to read as follows:

The lessor or owner of a qualified building is not eligible for a deferral unless:

(1) The underlying ownership of the buildings, machinery, and equipment vests exclusively in the same person; or

(2)(a) The lessor by written contract agrees to pass the economic benefit of the deferral to the lessee;

(b) The lessee that receives the economic benefit of the deferral agrees in writing with the department to complete the annual survey required under RCW 82.60.070; and

(c) The economic benefit of the deferral passed to the lessee is no less than the amount of tax deferred by the lessor and is evidenced by written documentation of any type of payment, credit, or other financial arrangement between the lessor or owner of the qualified building and the lessee.

Sec. 5. RCW 82.60.030 and 1994 sp.s. c 1 s 2 are each amended to read as follows:

(1) Application for deferral of taxes under this chapter must be made before initiation of the construction of the investment project or acquisition of equipment or machinery. The application ((shall)) must be made to the department in a form and manner prescribed by the department. The application ((shall)) must contain information regarding the location of the investment project, the applicant's average employment in the state for the prior year, estimated or actual new employment related to the project, estimated or actual wages of employees related to the project, estimated or actual costs, time schedules for completion and operation, and other information required by the department. The department ((shall)) must rule on the application within sixty days.

(2) This section expires July 1, 2020.

Sec. 6. RCW 82.60.040 and 2004 c 25 s 4 are each amended to read as follows:

(1) The department ~~((shall))~~ must issue a sales and use tax deferral certificate for state and local sales and use taxes due under chapters 82.08, 82.12, and 82.14 RCW on each eligible investment project ~~((that is located in an eligible area as defined in RCW 82.60.020)).~~

(2) The department ~~((shall))~~ must keep a running total of all deferrals granted under this chapter during each fiscal biennium.

(3) This section expires July 1, ~~((2010))~~ 2020.

Sec. 7. RCW 82.60.049 and 2004 c 25 s 5 are each amended to read as follows:

(1) For the purposes of this section:

(a) "Eligible area" also means a designated community empowerment zone approved under RCW 43.31C.020 ~~((or a county containing a community empowerment zone)).~~

(b) "Eligible investment project" also means an investment project in an eligible area as defined in this section.

(2) In addition to the provisions of RCW 82.60.040, the department shall issue a sales and use tax deferral certificate for state and local sales and use taxes due under chapters 82.08, 82.12, and 82.14 RCW, on each eligible investment project that is located in an eligible area, if the applicant establishes that at the time the project is operationally complete:

(a) The applicant will hire at least one qualified employment position for each seven hundred fifty thousand dollars of investment for which a deferral is requested; and

(b) The positions will be filled by persons who at the time of hire are residents of the community empowerment zone. As used in this subsection, "resident" means the person makes his or her home in the community empowerment zone or the county in which the zone is located. A mailing address alone is insufficient to establish that a person is a resident for the purposes of this section. The persons must be hired after the date the application is filed with the department.

(3) All other provisions and eligibility requirements of this chapter apply to applicants eligible under this section.

(4) The qualified employment position must be filled by the end of the calendar year following the year in which the project is certified as operationally complete. If a person does not meet the requirements for qualified employment positions by the end of the second calendar year following the year in which the project is certified as operationally complete, all deferred taxes are immediately due.

Sec. 8. RCW 82.60.060 and 2000 c 106 s 5 are each amended to read as follows:

(1) The recipient ~~((shall))~~ must begin paying the deferred taxes in the third year after the date certified by the department as the date on which the ~~((construction))~~ investment project has been operationally completed. The first payment will be due on December 31st of the third calendar year after such certified date, with subsequent annual payments due on December 31st of the following four years with amounts of payment scheduled as follows:

Repayment Year	% of Deferred Tax Repaid
1	10%
2	15%
3	20%
4	25%
5	30%

(2) The department may authorize an accelerated repayment schedule upon request of the recipient.

(3) Interest ~~((shall))~~ may not be charged on any taxes deferred under this chapter for the period of deferral, although all other penalties and interest applicable to delinquent excise taxes may be assessed and imposed for delinquent payments under this chapter. The debt for deferred taxes will not be extinguished by insolvency or other failure of the recipient. Transfer of ownership does not terminate the deferral. The deferral is transferred, subject to the successor meeting the eligibility requirements of this chapter, for the remaining periods of the deferral.

Sec. 9. RCW 82.60.070 and 2010 c ... (SHB 3066) s 139 are each amended to read as follows:

(1)(a) Each recipient of a deferral of taxes granted under this chapter must file a complete annual survey with the department under RCW 82.32. . . (section 102, chapter . . . (SHB 3066), Laws of 2010). If the economic benefits of the deferral are passed to a lessee as provided in ~~((RCW 82.60.020(4)))~~ section 4 of this act, the lessee must file a complete annual survey, and the applicant is not required to file a complete annual survey.

(b) The department must use the information reported on the annual survey required by this section to study the tax deferral program authorized under this chapter. The department must report to the legislature by December 1, ~~((2009))~~ 2019. The report must measure the effect of the program on job creation, the number of jobs created for residents of eligible areas, company growth, the introduction of new products, the diversification of the state's economy, growth in research and development investment, the movement of firms or the consolidation of firms' operations into the state, and such other factors as the department selects.

(2) Except as provided in section 10 of this act, if, on the basis of a survey under ((section)) RCW 82.32. . . (section 102, chapter . . . (SHB 3066), Laws of 2010) or other information, the department finds that an investment project is not eligible for tax deferral under this chapter, the amount of deferred taxes outstanding for the project is, according to the repayment schedule in RCW 82.60.060, will be immediately due. For purposes of this subsection (2)(a), the repayment schedule in RCW 82.60.060 is tolled during the period of time that a taxpayer is receiving relief from repayment of deferred taxes under section 10 of this act.

(3) A recipient who must repay deferred taxes under subsection (2) of this section because the department has found that an investment project is not eligible for tax deferral under this chapter is no longer required to file annual surveys under RCW 82.32. . . (section 102, chapter . . . (SHB 3066), Laws of 2010) beginning on the date an investment project is used for nonqualifying purposes.

(4) Notwithstanding any other provision of this section or RCW 82.32. . . (section 102, chapter . . . (SHB 3066), Laws of 2010), deferred taxes on the following need not be repaid:

(a) Machinery and equipment, and sales of or charges made for labor and services, which at the time of purchase would have qualified for exemption under RCW 82.08.02565; and

(b) Machinery and equipment which at the time of first use would have qualified for exemption under RCW 82.12.02565.

NEW SECTION. Sec. 10. A new section is added to chapter 82.60 RCW to read as follows:

(1) Subject to the conditions in this section, a person is not liable for the amount of deferred taxes outstanding for an investment project when the person temporarily ceases to use its qualified buildings and qualified machinery and equipment for manufacturing or research and development activities in a county with a population of less than twenty thousand persons for a period not to exceed twenty- four months from the date that the department sent its assessment for the amount of outstanding deferred taxes to the taxpayer.

(2) The relief from repayment of deferred taxes under this section does not apply unless the number of qualified employment positions

maintained at the investment project after manufacturing or research and development activities are temporarily ceased is at least ten percent of the number of qualified employment positions employed at the investment project at the time the deferral was approved by the department. If a person has been approved for more than one deferral under this chapter, relief from repayment of deferred taxes under this section does not apply unless the number of qualified employment positions maintained at the investment project after manufacturing or research and development activities are temporarily ceased is at least ten percent of the highest number of qualified employment positions at the investment project at the time any of the deferrals were approved by the department. If, at any time during the twenty-four month period after the department has sent the taxpayer an assessment for outstanding deferred taxes resulting from the person temporarily ceasing to use its qualified buildings and qualified machinery and equipment for manufacturing or research and development activities, the number of qualified employment positions falls below the ten percent threshold in this subsection, the amount of deferred taxes outstanding for the project is immediately due.

(3) The lessor of an investment project for which a deferral has been granted under this chapter who has passed the economic benefits of the deferral to the lessee is not eligible for relief from the payment of deferred taxes under this section.

(4) A person seeking relief from the payment of deferred taxes under this section must apply to the department in a form and manner prescribed by the department. The application required under this subsection must be received by the department within thirty days of the date that the department sent its assessment for outstanding deferred taxes resulting from the person temporarily ceasing to use its qualified buildings and qualified machinery and equipment for manufacturing or research and development activities. The department must approve applications that meet the requirements in this section for relief from the payment of deferred taxes.

(5) A person is entitled to relief under this section only once.

(6) A person whose application for relief from the payment of deferred taxes has been approved under this section must continue to file an annual survey as required under RCW 82.60.070(1) or any successor statute. In addition, the person must file, in a form and manner prescribed by the department, a report on the status of the business and the outlook for commencing manufacturing or research and development activities.

Sec. 11. RCW 82.62.010 and 2010 c ... (E2SHB 1597) s 232 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 applying for a tax credit under this chapter.

(2) "Department" means the department of revenue.

(3) "Eligible area" means ~~((an area))~~ a "rural county" as defined in RCW ~~((82.60.020))~~ 82.14.370.

(4)(a) "Eligible business project" means manufacturing or research and development activities which are conducted by an applicant in an eligible area at a specific facility, provided the applicant's average qualified employment positions at the specific facility will be at least fifteen percent greater in the four consecutive full calendar quarters after the calendar quarter during which the first qualified employment position is filled than the applicant's average qualified employment positions at the same facility in the four consecutive full calendar quarters immediately preceding the calendar quarter during which the first qualified employment position is filled.

(b) "Eligible business project" does not include any portion of a business project undertaken by a light and power business as defined in RCW 82.16.010~~((4))~~ or that portion of a business project creating qualified full-time employment positions outside an eligible area.

(5) "First qualified employment position" means the first qualified employment position filled for which a credit under this chapter is sought.

(6) "Manufacturing" means the same as defined in RCW 82.04.120. "Manufacturing" also includes:

(a) Before July 1, 2010: (i) Computer programming, the production of computer software, and other computer-related services, but only when the computer programming, production of computer software, or other computer-related services are performed by a manufacturer as defined in RCW 82.04.110 and contribute to the production of a new, different, or useful substance or article of tangible personal property for sale; and (ii) the activities performed by research and development laboratories and commercial testing laboratories; and

(b) Beginning July 1, 2010, the activities performed by research and development laboratories and commercial testing laboratories.

(7) "Person" has the meaning given in RCW 82.04.030.

(8)(a)(i) "Qualified employment position" means a permanent full-time employee employed in the eligible business project during four consecutive full calendar quarters.

(ii) For seasonal employers, "qualified employment position" also includes the equivalent of a full-time employee in work hours for four consecutive full calendar quarters.

(b) For purposes of this subsection, "full time" means a normal work week of at least thirty-five hours.

(c) Once a permanent, full-time employee has been employed, a position does not cease to be a qualified employment position solely due to periods in which the position goes vacant, as long as:

(i) The cumulative period of any vacancies in that position is not more than one hundred twenty days in the four-quarter period; and

(ii) During a vacancy, the employer is training or actively recruiting a replacement permanent, full-time employee for the position.

(9) "Recipient" means a person receiving tax credits under this chapter.

(10) "Research and development" means the development, refinement, testing, marketing, and commercialization of a product, service, or process before commercial sales have begun, but only when such activities are intended to ultimately result in the production of a new, different, or useful substance or article of tangible personal property for sale. As used in this subsection, "commercial sales" excludes sales of prototypes or sales for market testing if the total gross receipts from such sales of the product, service, or process do not exceed one million dollars.

(11) "Seasonal employee" means an employee of a seasonal employer who works on a seasonal basis. For the purposes of this subsection and subsection (12) of this section, "seasonal basis" means a continuous employment period of less than twelve consecutive months.

(12) "Seasonal employer" means a person who regularly hires more than fifty percent of its employees to work on a seasonal basis.

NEW SECTION. Sec. 12. RCW 82.60.900 and 82.60.901 are each decodified.

NEW SECTION. Sec. 13. The following acts or parts of acts are each repealed:

(1) RCW 82.60.050 (Expiration of RCW 82.60.030 and 82.60.040) and 2004 c 25 s 6, 1994 sp.s. c 1 s 7, 1993 sp.s. c 25 s 404, 1988 c 41 s 5, & 1985 c 232 s 10; and

(2) RCW 82.60.110 (Competing projects--Impact study) and 1998 c 245 s 169 & 1994 sp.s. c 1 s 8.

NEW SECTION. Sec. 14. Except for section 3 of this act, this act takes effect July 1, 2010."

On page 1, line 2 of the title, after "counties;" strike the remainder of the title and insert "amending RCW 82.60.010, 82.60.020, 82.60.030, 82.60.040, 82.60.049, 82.60.060, 82.60.070, and 82.62.010; adding new sections to chapter 82.60 RCW;

decodifying RCW 82.60.900 and 82.60.901; repealing RCW 82.60.050 and 82.60.110; providing an effective date; and providing expiration dates."

and the same is herewith transmitted.

Thomas Hoemann, Secretary

SENATE AMENDMENT TO HOUSE BILL

There being no objection, the House refused to concur in the Senate amendment to ENGROSSED SUBSTITUTE HOUSE BILL NO. 3014 and asked the Senate to recede therefrom.

MESSAGE FROM THE SENATE

March 22, 2010

Mr. Speaker:

The Senate concurred in the House amendment to ENGROSSED SUBSTITUTE SENATE BILL 6737 and passed the bill as amended by the House and the same is herewith transmitted.

Thomas Hoemann, Secretary

RECONSIDERATION

There being no objection, the House immediately reconsidered the vote by which SECOND ENGROSSED SENATE BILL NO. 6221 passed the House.

There being no objection, the rules were suspended and Second Engrossed Senate Bill No. 6221 was returned to second reading for the purpose of amendment.

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

SECOND READING

SECOND ENGROSSED SENATE BILL NO. 6221, by Senator Fairley

Concerning clarification and expansion of eligibility to use the state's local government investment pool.

There being no objection, the committee amendment 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.

Representative Hunt 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 Engrossed Senate Bill No. 6221.

ROLL CALL

The Clerk called the roll on the final passage of Second Engrossed Senate Bill No. 6221, and the bill passed the House by the following vote: Yeas, 62; Nays, 35; 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, 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, 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, Crouse, Dammeier, DeBolt, Ericksen, Fagan, Haler, Herrera, Hinkle, Hope, Johnson, Klippert, Kretz, Kristiansen, McCune, Nealey, Orcutt, Parker, Pearson, Rodne, Ross, Schmick, Shea, Short, Smith, Taylor, Walsh and Warnick.

Excused: Representative Roach.

SECOND ENGROSSED SENATE BILL NO. 6221, having received the necessary constitutional majority, was declared passed.

SUBSTITUTE SENATE BILL NO. 6889, by Senate Committee on Ways & Means (originally sponsored by Senators McDermott, Kohl-Welles, Kline, Murray, Prentice, Keiser, McAuliffe, Kauffman and Hewitt)

Concerning the governance and financing of the Washington state convention and trade center.

The bill was read the second time.

Representative Hunter moved the adoption of amendment (1728).

Strike everything after the enacting clause and insert the following:

"NEW SECTION. Sec. 1. (1) The legislature finds that conventions and trade shows provide both direct and indirect civic and economic benefits. It is the intent of the legislature to provide for the transfer of the governance and financing of the state convention and trade center to a public facilities district formed by a county with a population of one million five hundred thousand or more to acquire, own, and operate the convention and trade center. The legislature also intends to replace, in connection with such transfer, the authority under chapter 67.40 RCW of the state and city to impose excise taxes on the sale of or charge made for the furnishing of lodging to fund the state convention and trade center with authority for the public facilities district to impose lodging taxes at these rates, without affecting the existing authority of the state, county, cities, and other municipal corporations to impose taxes on the sale or charge made for the furnishing of lodging under existing caps on the aggregate rate that may be charged.

(2) The legislature further finds that the location of the convention and trade center particularly benefits and increases the occupancy of larger hotels and other lodging facilities in the city in which it is located and to a lesser extent in the remainder of the county in which it is located. The legislature finds that imposing excise taxes on the sale of or charge made for the furnishing of lodging at the rates authorized in section 5 of this act is an appropriate method of paying for the cost of acquiring, constructing, owning, remodeling, maintaining, equipping, reequipping, repairing, altering, and operating a convention and trade center.

Sec. 2. RCW 36.100.010 and 2002 c 218 s 26 are each amended to read as follows:

(1) ((A)) One or more public facilities districts may be created in any county and ((shall)) must be coextensive with the boundaries of the county.

(2) A public facilities district (~~(shall be)~~) is created upon adoption of a resolution providing for the creation of such a district by the county legislative authority in which the proposed district is located.

(3) A public facilities district is a municipal corporation, an independent taxing "authority" within the meaning of Article VII, section 1 of the state Constitution, and a "taxing district" within the meaning of Article VII, section 2 of the state Constitution.

(4) Except as provided in RCW 36.100.040 (4) and (5), no taxes authorized under this chapter may be assessed or levied unless a majority of the voters of the public facilities district has approved such tax at a general or special election. A single ballot proposition may both validate the imposition of the sales and use tax under RCW 82.14.048 and the excise tax under RCW 36.100.040(1).

(5)(a) A public facilities district (~~(shall)~~) constitutes a body corporate and (~~(shall)~~) possesses all the usual powers of a corporation for public purposes as well as all other powers that may now or hereafter be specifically conferred by statute, including, but not limited to, the authority to hire employees, staff, and services, to enter into contracts, including contracts with public and private parties, to acquire, own, sell, transfer, lease, and otherwise acquire or dispose of property, to grant concessions under terms approved by the public facilities district, and to sue and be sued.

(b) A public facilities district created by a county with a population of one million five hundred thousand or more to acquire, own, and operate a convention and trade center transferred from a public nonprofit corporation may continue to contract with the Seattle- King county convention and visitors' bureau or its successor in interest for marketing the convention and trade center facility and services.

(6) A public facilities district may enter into contracts with a county for the purpose of exercising any powers of a community renewal agency under chapter 35.81 RCW.

(7) The (~~(county)~~) legislative authority (~~(or the city council)~~) of a city or county, the board of directors of a public nonprofit corporation, or the state of Washington may transfer property to (~~(the)~~) a public facilities district created under this chapter, with or without consideration. No property that is encumbered with debt or that is in need of major capital renovation may be transferred to the district without the agreement of the district and revenues adequate to retire the existing indebtedness.

(8) A public facilities district may enter into agreements with the state, any municipal corporation, or any other governmental entity for the design, financing, acquisition, development, construction, reconstruction, lease, remodeling, alteration, maintenance, equipping, reequipping, repair, operation, or management of one or more facilities of the parties thereto. Agreements may provide that any party to the contract designs, finances, acquires, develops, constructs, reconstructs, remodels, alters, maintains, equips, reequips, repairs, and operates one or more facilities for the other party or parties to the contract. A public facilities district may enter into an agreement with the state, any municipal corporation, or other public or private entity that will assist a public facilities district in the financing of all or any part of a district facility on such terms as may be determined by agreement between the respective parties, including without limitation by a loan, guaranty, or other financing agreement.

Sec. 3. RCW 36.100.020 and 1995 3rd sp.s. c 1 s 302 are each amended to read as follows:

(1)(a) A public facilities district (~~(shall)~~) must be governed by a board of directors consisting of five (~~(or)~~) seven, or nine members as provided in this section.

(b) If the largest city in the county has a population that is at least forty percent of the total county population, the board of directors of the public facilities district (~~(shall)~~) must consist of five members selected as follows:

(~~(b))~~) (i) Two members appointed by the county legislative authority to serve for four-year staggered terms;

(~~(b))~~) (ii) Two members appointed by the city council of the largest city in the county to serve for four-year staggered terms; and

(~~(c))~~) (iii) One person to serve for a four-year term who is selected by the other directors.

(c)(i) Except as provided in (c)(ii) of this subsection (1), if the largest city in the county has a population of less than forty percent of the total county population, the county legislative authority (~~(shall)~~) must establish in the resolution creating the public facilities district whether the board of directors of the public facilities district has either five or seven members, and the county legislative authority (~~(shall)~~) must appoint the members of the board of directors to reflect the interests of cities and towns in the county, as well as the unincorporated area of the county.

(ii) However, if the county has a population of one million five hundred thousand or more, the largest city in the county has a population of less than forty percent of the total county population, and the county operates under a county charter, which provides for an elected county executive, the members of the board of directors must be appointed as follows:

(A) If the public facilities district is created to construct a baseball stadium as defined in RCW 82.14.0485, three members (~~(shall)~~) must be appointed by the governor and the remaining members (~~(shall)~~) must be appointed by the county executive subject to confirmation by the county legislative authority. Of the members appointed by the governor, the speaker of the house of representatives and the majority leader of the senate (~~(shall)~~) must each recommend to the governor a person to be appointed to the board; and

(B) If the public facilities district is created to acquire, own, and operate a convention and trade center, following the expiration of the terms of the initial board of directors, three members must be appointed by the governor, three members must be nominated by the county executive subject to confirmation by the county legislative authority, and three members must be nominated by the mayor of the city in which the convention and trade center is located subject to confirmation by the city legislative authority. Members of the board of directors may not be members of the legislative authority of the county or any city within the county.

(d) The initial board of directors of a public facilities district created in a county of one million five hundred thousand or more to acquire, own, and operate a convention and trade center must be comprised of the nine members of the board of the public nonprofit corporation that transfers the convention and trade center to the public facilities district under section 8 of this act. The governor must designate which of the initial board members must serve two-year terms and which must serve four-year terms and identify the board positions to which successors to initial directors are to be appointed by the county and the city.

(2) At least one member on the board of directors (~~(shall)~~) must be representative of the lodging industry in the public facilities district before the public facilities district imposes the excise tax under RCW 36.100.040(1). Of the members of the board of directors of a public facilities district created in a county of one million five hundred thousand or more to acquire, own, and operate a convention and trade center, one of the governor's appointments and one of the county's appointments must be representative of the lodging industry in the public facilities district and one of the city's appointments must be representative of organized labor, except that these requirements do not apply to the initial board of such district.

(3) Members of the board of directors (~~(shall)~~) must serve four-year terms of office, except that two of the initial five board members (~~(or)~~) three of the initial seven board members (~~(shall)~~), and four of the initial nine board members must serve two-year terms of office.

(4) A vacancy (~~(shall)~~) must be filled in the same manner as the original appointment was made and the person appointed to fill a vacancy (~~(shall)~~) must serve for the remainder of the unexpired term of the office for the position to which he or she was appointed.

(5) Any director may be removed from office by the person or entity that appointed or confirmed such director for any reason or for no reason as follows: A director appointed by the governor may be removed from office by the governor(-); and any ((other)) director confirmed by a city or county legislative authority may be removed from office by action of at least two-thirds of the members of the legislative authority ((which made the appointment)) that confirmed the director.

Sec. 4. RCW 36.100.030 and 2003 c 376 s 1 are each amended to read as follows:

(1) A public facilities district is authorized to acquire, construct, own, remodel, maintain, equip, reequip, repair, and operate (a) sports facilities, entertainment facilities, convention facilities, including without limitation any convention and trade center transferred from a public nonprofit corporation under section 8(1) of this act, or regional centers as defined in RCW 35.57.020, and (b) for districts formed after January 1, 2000, recreational facilities other than ski areas, together with contiguous parking facilities. The taxes that are provided for in this chapter may only be imposed for these purposes, including without limitation implementing any redemption, prepayment, or legal defeasance of outstanding obligations under section 8(3)(a) of this act.

(2) A public facilities district may enter into agreements under chapter 39.34 RCW for the ((joint provision and operation)) design, financing, acquisition, development, construction, reconstruction, lease, remodeling, alteration, maintenance, equipping, reequipping, repair, operation, or management of such facilities and may enter into contracts under chapter 39.34 RCW where any party to the contract provides and operates such facilities for the other party or parties to the contract. A public facilities district may enter into agreements under chapter 39.34 RCW that will assist a public facilities district in the financing of all or any part of a district facility on such terms as may be determined by agreement between the respective parties, including without limitation by a loan, guaranty, or other financing agreement.

(3) Notwithstanding the establishment of a career, civil, or merit service system, a public facilities district may contract with a public or private entity for the operation or management of its public facilities.

(4) A public facilities district is authorized to use the supplemental alternative public works contracting procedures set forth in chapter 39.10 RCW in connection with the design, construction, reconstruction, remodel, or alteration of any of its public facilities.

(5) A public facilities district may impose charges and fees for the use of its facilities, and may accept and expend or use gifts, grants, and donations.

Sec. 5. RCW 36.100.040 and 2008 c 137 s 5 are each amended to read as follows:

(1) A public facilities district may impose an excise tax on the sale of or charge made for the furnishing of lodging that is subject to tax under chapter 82.08 RCW, except that no such tax may be levied on any premises having fewer than forty lodging units. ((However)) Except for any tax imposed under subsection (4) or (5) of this section, if a public facilities district has not imposed such an excise tax prior to December 31, 1995, the public facilities district may only impose the excise tax if a ballot proposition authorizing the imposition of the tax has been approved by a simple majority vote of voters of the public facilities district voting on the proposition.

(2) The rate of the tax ((shall)) may not exceed two percent and the proceeds of the tax ((shall)) may only be used for the acquisition, design, construction, remodeling, maintenance, equipping, reequipping, repairing, and operation of its public facilities. This excise tax ((shall)) may not be imposed until the district has approved the proposal to acquire, design, and construct the public facilities.

~~(3) ((A public facilities district may not impose the tax authorized in this section if, after the tax authorized in this section was imposed, the effective combined rate of state and local excise taxes, including sales and use taxes and excise taxes on lodging, imposed on the sale of or charge made for furnishing of lodging in any jurisdiction in the public facilities district exceeds eleven and one-half percent.~~

~~—(4)) Except for a public facilities district created within a county with a population of one million five hundred thousand or more for the purpose of acquiring, owning, and operating a convention and trade center, a public facilities district may not impose the tax authorized in this section if, after the tax authorized in this section was imposed, the effective combined rate of state and local excise taxes, including sales and use taxes and excise taxes on lodging, imposed on the sale of or charge made for furnishing of lodging in any jurisdiction in the public facilities district exceeds eleven and one-half percent.~~

(4) To replace the tax authorized by RCW 67.40.090, a public facilities district created within a county with a population of one million five hundred thousand or more for the purpose of acquiring, owning, and operating a convention and trade center may impose an excise tax on the sale of or charge made for the furnishing of lodging that is subject to tax under chapter 82.08 RCW, except that no such tax may be levied on any premises having fewer than sixty lodging units. The rate of the tax may not exceed seven percent within the portion of the district that corresponds to the boundaries of the largest city within the public facilities district and may not exceed 2.8 percent in the remainder of the district. The tax imposed under this subsection (4) may not be collected prior to the transfer date defined in section 8 of this act.

(5) To replace the tax authorized by RCW 67.40.130, a public facilities district created within a county with a population of one million five hundred thousand or more for the purpose of acquiring, owning, and operating a convention and trade center may impose an additional excise tax on the sale of or charge made for the furnishing of lodging that is subject to tax under chapter 82.08 RCW, except that no such tax may be levied on any premises having fewer than sixty lodging units. The rate of the additional excise tax may not exceed two percent and may be imposed only within the portion of the district that corresponds to the boundaries of the largest city within the public facilities district and may not be imposed in the remainder of the district. The tax imposed under this subsection (5) may not be collected prior to the transfer date specified in section 8 of this act. The tax imposed under this subsection (5) must be credited against the amount of the tax otherwise due to the state from those same taxpayers under chapter 82.08 RCW. The tax under this subsection (5) may be imposed only for the purpose of paying or securing the payment of the principal of and interest on obligations issued or incurred by the public facilities district and paying annual payment amounts to the state under subsection (6)(a) of this section. The authority to impose the additional excise tax under this subsection (5) expires on the date that is the earlier of (a) July 1, 2029, or (b) the date on which all obligations issued or incurred by the public facilities district to implement any redemption, prepayment, or legal defeasance of outstanding obligations under section 8(3)(a) of this act are no longer outstanding.

(6)(a) Commencing with the first full fiscal year of the state after the transfer date defined in section 8 of this act and for so long as a public facilities district imposes a tax under subsection (5) of this section, the public facilities district must transfer to the state of Washington on June 30th of each state fiscal year an annual payment amount.

(b) For the purposes of this subsection (6), "annual payment amount" means an amount equal to revenues received by the public facilities district in the fiscal year from the additional excise tax imposed under subsection (5) of this section plus an interest charge calculated on one-half the annual payment amount times an interest

rate equal to the average annual rate of return for the prior calendar year in the Washington state local government investment pool created in chapter 43.250 RCW.

(c)(i) If the public facilities district in any fiscal year is required to apply additional lodging excise tax revenues to the payment of principal and interest on obligations it issues or incurs, and the public facilities district is unable to pay all or any portion of the annual payment amount to the state, the deficiency is deemed to be a loan from the state to the public facilities district for the purpose of assisting the district in paying such principal and interest and must be repaid by the public facilities district to the state after providing for the payment of the principal of and interest on obligations issued or incurred by the public facilities district, all on terms established by an agreement between the state treasurer and the public facilities district executed prior to the transfer date. Any agreement between the state treasurer and the public facilities district must specify the term for the repayment of the deficiency in the annual payment amount with an interest rate equal to the twenty bond general obligation bond buyer index plus one percentage point.

(ii) Outstanding obligations to repay any loans deemed to have been made to the public facilities district as provided in any such agreements between the state treasurer and the public facilities district survive the expiration of the additional excise tax under subsection (5) of this section.

(iii) For the purposes of this subsection (6)(c), "additional lodging excise tax revenues" mean the tax revenues received by the public facilities district under subsection (5) of this section.

(7) A public facilities district is authorized to pledge any of its revenues, including without limitation revenues from the taxes authorized in this section, to pay or secure the payment of obligations issued or incurred by the public facilities district, subject to the terms established by the board of directors of the public facilities district. So long as a pledge of the taxes authorized under this section is in effect, the legislature may not withdraw or modify the authority to levy and collect the taxes at the rates permitted under this section and may not increase the annual payment amount to be transferred to the state under subsection (6) of this section.

(8) The department of revenue must perform the collection of such taxes on behalf of the public facilities district at no cost to the district, and the state treasurer must distribute those taxes as available on a monthly basis to the district or, upon the direction of the district, to a fiscal agent, paying agent or trustee for obligations issued or incurred by the district.

(9) Except as expressly provided in this chapter, all of the provisions contained in RCW 82.08.050 and 82.08.060 and chapter 82.32 RCW have full force and application with respect to taxes imposed under the provisions of this section.

(10) The taxes imposed in this section (~~does~~) do not apply to sales of temporary medical housing exempt under RCW 82.08.997.

Sec. 6. RCW 36.100.060 and 1999 c 165 s 15 are each amended to read as follows:

(1) To carry out the purpose of this chapter, a public facilities district may issue general obligation bonds, not to exceed an amount, together with any outstanding nonvoter approved general obligation indebtedness, equal to one-half of one percent of the value of taxable property within the district, as the term "value of taxable property" is defined in RCW 39.36.015. A public facilities district additionally may issue general obligation bonds for capital purposes only, together with any outstanding general obligation indebtedness, not to exceed an amount equal to one and one-fourth percent of the value of the taxable property within the district, as the term "value of taxable property" is defined in RCW 39.36.015, when authorized by the voters of the public facilities district pursuant to Article VIII, section 6 of the state Constitution, and to provide for the retirement thereof by excess property tax levies as provided in this chapter.

(2) General obligation bonds may be issued with a maturity of up to thirty years, and must be issued and sold in accordance with the provisions of chapter 39.46 RCW. If the public facilities district is formed by a county with a population of one million five hundred thousand or more to acquire, own, and operate a convention and trade center, general obligation bonds may be issued with a maturity of up to forty years, and (~~shall~~) must be issued and sold in accordance with the provisions of chapter 39.46 RCW. In addition to the powers vested in it under RCW 39.46.030, a public facilities district created by a county with a population of one million five hundred thousand or more to acquire, own, and operate a convention and trade center may appoint, and may specify the rights and duties of, trustees with respect to its bonds, and such trustees may receive, hold, disburse, invest, and reinvest funds on the district's behalf and for the protection of the district's bond owners.

(3) The general obligation bonds may be payable from the operating revenues of the public facilities district in addition to the tax receipts of the district.

(4) The excise tax imposed pursuant to RCW 36.100.040 (~~shall~~) (1) terminates upon final payment of all bonded indebtedness for its public facilities, except that the excise tax may be reauthorized by a public vote, in the same manner as originally authorized, for funding of additional public facilities or a regional center.

Sec. 7. RCW 36.100.100 and 1995 c 396 s 7 are each amended to read as follows:

The treasurer of the county in which a public facilities district is located (~~shall~~) must be the ex officio treasurer of the district, unless the board of directors of a public facilities district created in a county of one million five hundred thousand or more designates by resolution another person having experience in financial or fiscal matters as the treasurer of the district. Such a treasurer possesses all of the powers, responsibilities, and duties of, and is subject to the same restrictions as provided by law for, a county treasurer with regard to district financial matters. Such treasurer must be bonded for not less than twenty-five thousand dollars.

NEW SECTION. Sec. 8. A new section is added to chapter 36.100 RCW to read as follows:

(1) On the transfer date the board of directors of a public nonprofit corporation formed under RCW 67.40.020 that owns and operates a state convention and trade center must transfer all lands, facilities, equipment, assets, other interests in real, personal, and intangible property, and interests under contracts, leases, licenses, and agreements under the control of that board of directors to a public facilities district created as provided in RCW 36.100.010 by the county in which the convention and trade center is located pursuant to an agreement with the public facilities district, subject to the review and approval of the state treasurer.

(2) No real estate excise tax or other excise tax may be imposed with respect to the transfer of assets of the public nonprofit corporation to the public facilities district.

(3) For the purposes of this section, "transfer date" means the date on or prior to June 30, 2011, on which provision has been made for all of the following, pursuant to agreements and other necessary arrangements approved by the state treasurer:

(a) The redemption, prepayment, or legal defeasance on or prior to the transfer date of all outstanding borrowings and other financing obligations of the state of Washington and the public nonprofit corporation with respect to the state convention and trade center, including state bonds and certificates of participation and related financing contracts;

(b) The transfer to the public facilities district on the transfer date of the balances on deposit in the state convention and trade center operations account, the state convention and trade center account and other accounts relating to the state convention and trade center, including the revenues identified under (g)(ii) of this subsection (3);

(c) The imposition by the public facilities district of excise taxes on the sale of or charge made for the furnishing of lodging under RCW 36.100.040 (4) and (5) at the maximum rates permitted in those subsections;

(d) The transfer of all other assets and liabilities and, to the extent permissible by their terms, the assignment or transfer of all contracts and agreements of the public nonprofit corporation from the public nonprofit corporation to the public facilities district;

(e) The execution of an agreement settling all claims in the case of Tourism Alliance, a Washington nonprofit corporation; Craig Schafer; Claridge LLC, a Washington limited liability company; R.C. Hedreen Corporation, a Washington corporation; and on behalf of taxpayers, Andrew Olsen, Amy L. Dee, Christopher M. Dee, Clipper Navigation, Inc., a Washington corporation v. State of Washington and James L. McIntire, in his official capacity as State Treasurer of the State of Washington;

(f) The payment or provision for payment of all fees, costs, and expenses incurred by the state of Washington and the public nonprofit corporation to effect such transfer;

(g) An agreement of the public facilities district to transfer to the state on June 30, 2011, an amount equal to (i) the revenues from the tax imposed under RCW 36.100.040(5) during the state fiscal year ending June 30, 2011, plus (ii) the revenues from the tax imposed under RCW 67.40.130 during the state fiscal year ending June 30, 2011; and

(h) The agreement between the state treasurer and the public facilities district, referred to in section 5(6)(c)(i).

NEW SECTION. Sec. 9. A new section is added to chapter 36.100 RCW to read as follows:

(1) Except as provided in chapters 35.101, 67.28, and 82.14 RCW, after January 1, 1983, no city, town, or county in which the tax under RCW 36.100.040 (4) and (5) is imposed may impose a license fee or tax on the act or privilege of engaging in business to furnish lodging by a hotel, rooming house, tourist court, motel, trailer camp, or similar facilities in excess of the rate imposed upon other persons engaged in the business of making sales at retail.

(2) For the purposes of this section, "sales at retail" has the same meaning as provided in RCW 82.04.050.

NEW SECTION. Sec. 10. A new section is added to chapter 36.100 RCW to read as follows:

Nothing in this act may be construed to limit the authority of a public nonprofit corporation under chapter 67.40 RCW prior to the effective date of section 14 of this act.

NEW SECTION. Sec. 11. A new section is added to chapter 36.100 RCW to read as follows:

Bonds issued under this chapter are hereby made securities in which all public officers and public bodies of the state and its political subdivisions, all insurance companies, trust companies in their commercial departments, savings banks, cooperative banks, banking associations, investment companies, executors, trustees and other fiduciaries, and all other persons whatsoever who are now or may hereafter be authorized to invest in obligations of the state may properly and legally invest funds, including capital in their control or belonging to them. Such bonds are hereby made securities which may properly and legally be deposited with and received by any state or municipal officer or any agency or political subdivision of the state for any purpose for which the deposit of bonds and other obligations of the state are now or may hereafter be authorized by law.

NEW SECTION. Sec. 12. A new section is added to chapter 36.100 RCW to read as follows:

(1) Any county with a population of one million five hundred thousand or more that creates a public facilities district pursuant to this chapter to acquire, own, and operate a convention and trade center transferred from a public nonprofit corporation is authorized to acquire by condemnation property or property rights as may be necessary to carry out the purposes of such district. If the legislative

body of such county chooses to exercise its authority to acquire property by eminent domain on behalf of such public facilities district, it must do so pursuant to the procedures set forth in chapter 8.08 RCW.

(2) The accomplishment of the activities authorized by this chapter is declared to be a strictly public purpose of the municipality or municipal entities authorized to perform the same.

(3) The powers and authority conferred by this section are in addition and supplemental to existing powers or authority. Nothing contained in this section limits any other powers or authority of any agency, political subdivision, or unit of local government of this state.

Sec. 13. RCW 39.94.020 and 2010 c ... (SB 6218) 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) "Credit enhancement" includes insurance, letters of credit, lines of credit, or other similar agreements which enhance the security for the payment of the state's or an other agency's obligations under financing contracts.

(2) "Financing contract" means any contract entered into by the state for itself or on behalf of an other agency which provides for the use and purchase of real or personal property by the state and provides for payment by the state over a term of more than one year, and which provides that title to the subject property may secure performance of the state or transfer to the state or an other agency by the end of the term, upon exercise of an option, for a nominal amount or for a price determined without reference to fair market value. Financing contracts include, but are not limited to, conditional sales contracts, financing leases, lease purchase contracts, or refinancing contracts, but do(es) not include operating or true leases. For purposes of this chapter, the term "financing contract" does not include any nonrecourse financing contract or other obligation payable only from money or other property received from private sources and not payable from any public money or property. The term "financing contract" includes a "master financing contract."

(3) "Master financing contract" means a financing contract which provides for the use and purchase of property by the state, and which may include more than one financing contract and appropriation.

(4) "Other agency" means any commission established under Title 15 RCW, a library or regional library, an educational service district, the superintendent of public instruction, the school directors' association, a health district, a public facilities district, or any county, city, town, school district, or other municipal corporation or quasi-municipal corporation.

(5) "State" means the state, agency, department, or instrumentality of the state, the state board for community and technical colleges, and any state institution of higher education.

(6) "State finance committee" means the state finance committee under chapter 43.33 RCW.

(7) "Trustee" means a bank or trust company, within or without the state, authorized by law to exercise trust powers.

NEW SECTION. Sec. 14. The following acts or parts of acts are each repealed:

(1) RCW 67.40.010 (Legislative finding) and 1983 2nd ex.s. c 1 s 1 & 1982 c 34 s 1;

(2) RCW 67.40.025 (State convention and trade center operations account--Operating revenues--Expenditures) and 2008 c 329 s 916, 1988 ex.s. c 1 s 2, 1987 1st ex.s. c 8 s 3, & 1985 c 233 s 2;

(3) RCW 67.40.027 (Compensation and travel expenses of board members) and 1985 c 233 s 3;

(4) RCW 67.40.030 (General obligation bonds--Authorized--Appropriation required) and 1990 c 181 s 1, 1988 ex.s. c 1 s 3, 1987 1st ex.s. c 3 s 12, 1985 c 233 s 1, 1983 2nd ex.s. c 1 s 3, & 1982 c 34 s 3;

(5) RCW 67.40.040 (Deposit of proceeds in state convention and trade center account and appropriate subaccounts--Credit against

future borrowings--Use) and 2008 c 329 s 917, 2008 c 328 s 6011, 2007 c 228 s 106, 2005 c 518 s 936, 2003 1st sp.s. c 25 s 929, 1995 c 386 s 13, 1991 sp.s. c 13 s 11, 1990 c 181 s 2, 1988 ex.s. c 1 s 4, 1987 1st ex.s. c 8 s 4, 1985 c 57 s 66, 1983 2nd ex.s. c 1 s 4, & 1982 c 34 s 4;

(6) RCW 67.40.045 (Authorization to borrow from state treasury for project completion costs--Limits--"Project completion" defined--Legislative intent--Application) and 1995 c 386 s 14, 1993 sp.s. c 12 s 9, 1992 c 4 s 1, 1991 c 2 s 1, 1990 c 181 s 3, 1988 ex.s. c 1 s 9, & 1987 1st ex.s. c 8 s 1;

(7) RCW 67.40.050 (Administration of proceeds) and 1982 c 34 s 5;

(8) RCW 67.40.055 (Transfer of funds to account--Repayment of borrowed funds with interest) and 1988 ex.s. c 1 s 5 & 1987 1st ex.s. c 8 s 11;

(9) RCW 67.40.060 (Retirement of bonds from nondebt-limit proprietary appropriated bond retirement account--Transfer from accounts--Pledge and promise--Remedies of bondholders) and 2005 c 487 s 9, 1997 c 456 s 25, 1987 1st ex.s. c 8 s 5, 1983 2nd ex.s. c 1 s 5, & 1982 c 34 s 6;

(10) RCW 67.40.070 (Legislature may provide additional means for payment of bonds) and 1982 c 34 s 7;

(11) RCW 67.40.080 (Bonds legal investment for public funds) and 1982 c 34 s 8;

(12) RCW 67.40.090 (Lodging tax imposed in King county--Rates-- Proceeds) and 2002 c 178 s 4, 1995 c 386 s 15, 1991 c 2 s 3, 1988 ex.s. c 1 s 6, 1987 1st ex.s. c 8 s 6, & 1982 c 34 s 9;

(13) RCW 67.40.100 (Limitation on license fees and taxes on hotels, motels, rooming houses, trailer camps, etc.) and 1997 c 452 s 15, 1990 c 242 s 1, 1988 ex.s. c 1 s 25, & 1982 c 34 s 10;

(14) RCW 67.40.105 (Exemption from tax--Emergency lodging for homeless persons--Conditions) and 1988 c 61 s 3;

(15) RCW 67.40.107 (Exemption from tax--Temporary medical housing) and 2008 c 137 s 4;

(16) RCW 67.40.110 (Use of revenues from convention and trade center facilities excise tax by cities for professional sports franchise facilities limited) and 1997 c 452 s 19 & 1987 1st ex.s. c 8 s 8;

(17) RCW 67.40.120 (Contracts for marketing facility and services) and 2002 c 182 s 1, 1997 c 452 s 20, 1991 c 336 s 2, & 1988 ex.s. c 1 s 8;

(18) RCW 67.40.130 (Convention and trade facilities--Tax on transient lodging authorized--Rates) and 1995 c 386 s 1;

(19) RCW 67.40.140 (Convention and trade facilities--Remittance of tax--Credit) and 1995 c 386 s 2;

(20) RCW 67.40.150 (Convention and trade facilities--Contract of administration and collection to department of revenue--Disposition of tax--Procedure) and 1995 c 386 s 3;

(21) RCW 67.40.160 (Convention and trade facilities--Tax on construction--Disposition) and 1995 c 386 s 4;

(22) RCW 67.40.170 (Convention and trade facilities--Use of collected taxes) and 1995 c 386 s 5;

(23) RCW 67.40.180 (Convention and trade facilities--Use of funds-- Acceptance by board of directors of funding commitment) and 1995 c 386 s 6;

(24) RCW 67.40.190 (Convention and trade facilities--Use of funds-- Encumbered revenue) and 1995 c 386 s 7; and

(25) RCW 67.40.900 (Severability--1982 c 34) and 1982 c 34 s 13.

NEW SECTION. Sec. 15. RCW 67.40.020 (State convention and trade center--Public nonprofit corporation authorized--Board of directors-- Powers and duties) and 1995 c 386 s 12, 1993 c 500 s 9, 1988 ex.s. c 1 s 1, 1987 1st ex.s. c 8 s 2, 1984 c 210 s 1, 1983 2nd ex.s. c 1 s 2, & 1982 c 34 s 2 are each repealed.

NEW SECTION. Sec. 16. Section 14 of this act is effective contingent upon the transfer date occurring in section 8 of this act. If the transfer date occurs in section 8 of this act, section 14 of this act is

effective on the transfer date. For the purposes of this section, "transfer date" has the same meaning as provided in section 8 of this act.

NEW SECTION. Sec. 17. Section 15 of this act is effective contingent upon the transfer date occurring in section 8 of this act. If the transfer date occurs in section 8 of this act, section 15 of this act is effective thirty days after the transfer date in section 8 of this act. For the purposes of this section, "transfer date" has the same meaning as provided in section 8 of this act.

NEW SECTION. Sec. 18. The state treasurer must provide written notice of the effective dates in sections 16 and 17 of this act to the department of revenue, the office of the code reviser, and others as deemed appropriate by the state treasurer.

NEW SECTION. Sec. 19. 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. 20. The provisions of this chapter must be liberally construed to effect the policies and purposes of this chapter."

Correct the title.

Representatives Hunter and Orcutt spoke in favor of the adoption of the amendment.

Amendment (1728) was adopted.

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

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

The Speaker (Representative Moeller presiding) stated the question before the House to be the final passage of Substitute Senate Bill No. 6889, as amended by the House.

ROLL CALL

The Clerk called the roll on the final passage of Substitute Senate Bill No. 6889, as amended by the House, and the bill passed the House by the following vote: Yeas, 91; Nays, 6; Absent, 0; Excused, 1.

Voting yea: Representatives Alexander, Anderson, Angel, Appleton, Armstrong, Bailey, Blake, Campbell, Carlyle, Chandler, Chase, Clibborn, Cody, Condotta, Conway, Crouse, Dammeier, Darneille, DeBolt, Dickerson, Driscoll, Dunshee, Eddy, Ericks, Fagan, Finn, Flannigan, Goodman, Green, Haigh, Haler, 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, Nealey, Nelson, O'Brien, Orcutt, Orwall, Parker, Pearson, Pedersen, Pettigrew, Priest, Probst, Quall, Roberts, Rodne, Rolfes, Ross, Schmick, Seaquist, Sells, Shea, Short, Smith, Springer, Sullivan, Takko, Taylor, Upthegrove, Van De Wege, Wallace, Walsh, Warnick, White, Williams and Wood.

Voting nay: Representatives Ericksen, Hasegawa, Ormsby, Santos, Simpson and Mr. Speaker.

Excused: Representative Roach.

SUBSTITUTE SENATE BILL NO. 6889, as amended by the House, having received the necessary constitutional majority, was declared passed.

SUBSTITUTE SENATE BILL NO. 6712, by Senate Committee on Ways & Means (originally sponsored by Senators Hobbs, Shin and Kilmer)

Extending expiring tax incentives for certain clean alternative fuel vehicles, producers of certain biofuels, and federal aviation regulation part 145 certificated repair stations.

The bill was read the second time.

There being no objection, the committee amendment was not adopted.

Amendments (1708) and (1709) were ruled out of order.

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

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

The Speaker (Representative Moeller presiding) stated the question before the House to be the final passage of Substitute Senate Bill No. 6712.

ROLL CALL

The Clerk called the roll on the final passage of Substitute Senate Bill No. 6712, and the bill passed the House by the following vote: Yeas, 94; Nays, 3; Absent, 0; Excused, 1.

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

Voting nay: Representatives Chase, Hasegawa and Kagi.

Excused: Representative Roach.

SUBSTITUTE SENATE BILL NO. 6712, having received the necessary constitutional majority, was declared passed.

SECOND SUBSTITUTE SENATE BILL NO. 6675, by Senate Committee on Ways & Means (originally sponsored by Senators Murray, Pflug, Shin, Kastama, Kohl-Welles and Kilmer)

Creating the Washington global health technologies and product development competitiveness program and allowing certain tax credits for program contributions.

The bill was read the second time.

There being no objection, the committee amendment by the Committee on Finance was before the House for purpose of amendment. (For Committee amendment, see Journal, Day 4, March 18, 2010).

Representative Chase moved the adoption of amendment (1715) to the committee amendment:

On page 3, line 33 of the amendment, after "Only the" strike all material through "board's" on line 35 and insert "director of the department of commerce or the director's"

Representative Chase spoke in favor of the adoption of the amendment to the committee amendment.

Representatives Orcutt and Kenney spoke against the adoption of the amendment to the committee amendment.

Amendment (1715) to the committee amendment was not adopted.

Representative Chase moved the adoption of amendment (1714) to the committee amendment.

Beginning on page 4, line 8 of the amendment, strike all of section 4

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

Representatives Chase, Hasegawa, Kenney, Simpson, Chase (again) and Anderson spoke in favor of the adoption of the amendment to the committee amendment.

Representatives Orcutt, Kenney Hunter and Hunter (again) spoke against the adoption of the amendment to the committee amendment.

Amendment (1714) to the committee amendment was not adopted.

The committee amendment was adopted

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

Representatives Kenney, Orcutt 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 Second Substitute Senate Bill No. 6675, as amended by the House.

ROLL CALL

The Clerk called the roll on the final passage of Second Substitute Senate Bill No. 6675, as amended by the House, and the bill passed the House by the following vote: Yeas, 89; Nays, 8; Absent, 0; Excused, 1.

Voting yea: Representatives Alexander, Anderson, Angel, Appleton, Armstrong, Bailey, Blake, Campbell, Carlyle, Chandler, Clibborn, Cody, Condotta, Conway, Crouse, Dammeier, Darneille, DeBolt, Dickerson, Driscoll, Dunshee, Eddy, Ericks, Fagan, Finn, Flannigan, Green, Haigh, Haler, 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, Nealey, Nelson, O'Brien, Orcutt, Ormsby, Orwall, Parker, Pearson, Pedersen, Pettigrew, Priest, Probst, Quall, Rodne, Rolfes, Ross, Santos, Schmick, Seaquist, Sells, Shea, Short, Smith, Springer, Sullivan,

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

Voting nay: Representatives Chase, Ericksen, Goodman, Hasegawa, Hunter, Roberts, Simpson and Williams.

Excused: Representative Roach.

SECOND SUBSTITUTE SENATE BILL NO. 6675, as amended by the House, having received the necessary constitutional majority, was declared passed.

MESSAGE FROM THE SENATE

March 22, 2010

Mr. Speaker:

The Senate has passed ENGROSSED SECOND SUBSTITUTE HOUSE BILL NO. 2782 with the following amendment:

Strike everything after the enacting clause and insert the following:

"NEW SECTION. Sec. 1. INTENT. (1) The legislature finds that:

(a) Low-income families and individuals often face significant barriers to receiving the services and benefits that they are qualified to receive. These services are essential to meeting individuals' basic needs, and provide critical support to low-income individuals who are working or who have disabilities that prevent them from working;

(b) Each year millions of federal dollars go unclaimed due to underutilization of benefits such as tax credits, health care coverage, and food support;

(c) State agencies have been engaged in an effort to implement an online benefit portal to simplify and streamline access to state, federal, and local benefits that include a broad array of public benefits;

(d) Access to education and training gives low-income individuals and families the opportunity to acquire the skills they need to become successfully employed and attain self-sufficiency; and

(e) Agencies have been engaged in efforts to increase access to training and education for recipients of federal food assistance.

(2) The legislature therefore intends to strengthen existing efforts by providing enhanced structure and direction to ensure that a strong partnership among colleges, state agencies, community partners, and philanthropy be established. The legislature also intends to provide an efficient, effective, integrated approach to the delivery of basic support services and education and training programs. The integrated approach should include the creation of a one-stop-shop, online benefits portal where individuals can apply for a broad array of services, including public benefits and education and training support, and the expansion of the food stamp employment and training program.

(3) The legislature further finds that:

(a) The general assistance program can be reformed to better support the ability of persons who are unable to work due to physical or mental health impairments to either return to work, or transition to federal supplemental security income benefits; and

(b) Persons who are homeless and suffering from mental illness or chemical dependency are particularly vulnerable, because homelessness is a substantial barrier to successful participation in, and completion of, needed treatment services.

(4) Through the reforms included in this act, the legislature intends to end the general assistance program and establish the disability lifeline program, and to implement multiple strategies designed to improve the employment and basic support outcomes of persons receiving disability lifeline benefits. The legislature further intends to focus services on persons who are homeless and have a mental illness or chemical dependency by providing housing

vouchers as an alternative to a cash grant so that these persons can be in stable housing and thus have a greater opportunity to succeed in treatment.

NEW SECTION. Sec. 2. A new section is added to chapter 74.04 RCW to read as follows:

OPPORTUNITY PORTAL. (1) An online opportunity portal shall be established to provide the public with more effective access to available state, federal, and local services. The secretary of the department of social and health services shall act as the executive branch sponsor of the portal planning process. Under the leadership of the secretary, the department shall:

(a) Identify and select an appropriate solution and acquisition approach to integrate technology systems to create a user-friendly electronic tool for Washington residents to apply for benefits;

(b) Facilitate the adaptation of state information technology systems to allow applications generated through the opportunity portal and other compatible electronic application systems to seamlessly link to appropriate state information systems;

(c) Ensure that the portal provides access to a broad array of state, federal, and local services, including but not limited to: Health care services, higher education financial aid, tax credits, civic engagement, nutrition assistance, energy assistance, family support, and disability lifeline benefits as defined in sections 4 through 13 of this act;

(d) Design an implementation strategy for the portal that maximizes collaboration with community-based organizations to facilitate its use by low-income individuals and families;

(e) Provide access to the portal at a wide array of locations including but not limited to: Community or technical colleges, community college campuses where community service offices are collocated, community-based organizations, libraries, churches, food banks, state agencies, early childhood education sites, and labor unions;

(f) Ensure project resources maximize available federal and private funds for development and initial operation of the opportunity portal. Any incidental costs to state agencies shall be derived from existing resources. This subsection does not obligate or preclude the appropriation of future state funding for the opportunity portal;

(g) Determine the solution and acquisition approach by June 1, 2010.

(2) By December 1, 2011, and annually thereafter, the department of social and health services shall report to the legislature and governor. The report shall include data and information on implementation and outcomes of the opportunity portal, including any increases in the use of public benefits and increases in federal funding.

(3) The department shall develop a plan for implementing paperless application processes for the services included in the opportunity portal for which the electronic exchange of application information is possible. The plan should include a goal of achieving, to the extent possible, the transition of these services to paperless application processes by July 1, 2012. The plan must comply with federal statutes and regulations and must allow applicants to submit applications by alternative means to ensure that access to benefits will not be restricted.

(4) To the extent that the department enters into a contractual relationship to accomplish the purposes of this section, such contract or contracts shall be performance-based.

NEW SECTION. Sec. 3. A new section is added to chapter 74.04 RCW to read as follows:

BASIC FOOD EMPLOYMENT AND TRAINING PROGRAM.

(1) The department, the employment security department, and the state board for community and technical colleges shall work in partnership to expand the food stamp employment and training program. Subject to federal approval, the program shall be expanded to three additional community colleges or other community-based locations in 2010 and shall expand capacity at participating colleges.

To the greatest extent possible, expansion shall be geographically diverse. The agencies shall:

(a) Identify and seek out partnerships with community-based organizations that can provide support services and case management to participants through performance-based contracts in the food stamp employment and training program, and do not replace the positions or work of department employees;

(b) Identify eligible nonfederal matching funds to draw down the federal match for food stamp employment and training services. Matching funds may include: Local funds, foundation grants, employer- paid costs, and the state allocation to community and technical colleges.

(2) Employment and training funds may be allocated for: Educational programs to develop skills for employability, vocational education, English as a second language courses, adult basic education, GED courses, remedial programs, job readiness training, case management, intake, assessment, evaluation, and barrier removal and support services such as tuition, books, child care, transportation, housing, and counseling services.

(3) The department shall annually track and report outcomes including those achieved through performance-based contracts as follows: Federal funding received, the number of participants served, achievement points, the number of participants who enter employment during or after participation in the food stamp employment and training program, and the average wage of jobs attained. The report shall be submitted to the governor and appropriate committees of the legislature on November 1st of each year, beginning in 2010.

(4) For purposes of this section, "food stamp employment and training program" refers to a program established and administered through the employment security department and the department of social and health services.

Sec. 4. RCW 74.04.005 and 2003 1st sp.s. c 10 s 1 are each amended to read as follows:

For the purposes of this title, unless the context indicates otherwise, the following definitions shall apply:

(1) "Public assistance" or "assistance"--Public aid to persons in need thereof for any cause, including services, medical care, assistance grants, disbursing orders, work relief, ~~((general assistance))~~ disability lifeline benefits and federal aid assistance.

(2) "Department"--The department of social and health services.

(3) "County or local office"--The administrative office for one or more counties or designated service areas.

(4) "Director" or "secretary" means the secretary of social and health services.

(5) "Disability lifeline program" means a program that provides aid and support in accordance with the conditions set out in this subsection.

(a) Aid and assistance shall be provided to persons who are not eligible to receive federal aid assistance, other than basic food benefits transferred electronically and medical assistance and meet one of the following conditions:

(i) Are pregnant and in need, based upon the current income and resource requirements of the federal temporary assistance for needy families program; or

(ii) Are incapacitated from gainful employment by reason of bodily or mental infirmity that will likely continue for a minimum of ninety days as determined by the department. The standard for incapacity in this subsection, as evidenced by the ninety-day duration standard, is not intended to be as stringent as federal supplemental security income disability standards; and

(A) Are citizens or aliens lawfully admitted for permanent residence or otherwise residing in the United States under color of law;

(B) Have furnished the department their social security number. If the social security number cannot be furnished because it has not

been issued or is not known, an application for a number shall be made prior to authorization of benefits, and the social security number shall be provided to the department upon receipt;

(C) Have not refused or failed without good cause to participate in drug or alcohol treatment if an assessment by a certified chemical dependency counselor indicates a need for such treatment. Good cause must be found to exist when a person's physical or mental condition, as determined by the department, prevents the person from participating in drug or alcohol dependency treatment, when needed outpatient drug or alcohol treatment is not available to the person in the county of his or her residence or when needed inpatient treatment is not available in a location that is reasonably accessible for the person; and

(D) Have not refused or failed without good cause to participate in vocational rehabilitation services, if an assessment conducted under section 5 of this act indicates that the person might benefit from such services. Good cause must be found to exist when a person's physical or mental condition, as determined by the department, prevents the person from participating in vocational rehabilitation services, or when vocational rehabilitation services are not available to the person in the county of his or her residence.

(b)(i) Persons who initially apply and are found eligible for disability lifeline benefits based upon incapacity from gainful employment under (a) of this subsection on or after September 2, 2010, who are homeless and have been assessed as needing chemical dependency or mental health treatment or both, must agree, as a condition of eligibility for the disability lifeline program, to accept a housing voucher in lieu of a cash grant if a voucher is available. The department shall establish the dollar value of the housing voucher. The dollar value of the housing voucher may differ from the value of the cash grant. Persons receiving a housing voucher under this subsection also shall receive a cash stipend of fifty dollars per month.

(ii) If the department of commerce has determined under section 8 of this act that sufficient housing is not available, persons described in this subsection who apply for disability lifeline benefits during the time period that housing is not available shall receive a cash grant in lieu of a cash stipend and housing voucher.

(iii) Persons who refuse to accept a housing voucher under this subsection but otherwise meet the eligibility requirements of (a) of this subsection are eligible for medical care services benefits under RCW 74.09.035, subject to the time limits in (h) of this subsection.

(c) The following persons are not eligible for the disability lifeline program:

(i) Persons who are unemployable due primarily to alcohol or drug addiction. These persons shall be referred to appropriate assessment, treatment, shelter, or supplemental security income referral services as authorized under chapter 74.50 RCW. Referrals shall be made at the time of application or at the time of eligibility review. This subsection shall not be construed to prohibit the department from granting disability lifeline benefits to alcoholics and drug addicts who are incapacitated due to other physical or mental conditions that meet the eligibility criteria for the disability lifeline program;

(ii) Persons who refuse or fail to cooperate in obtaining federal aid assistance, without good cause.

(d) Disability lifeline benefits shall be provided only to persons who are not members of assistance units receiving federal aid assistance, except as provided in (a) of this subsection, and who will accept available services that can reasonably be expected to enable the person to work or reduce the need for assistance unless there is good cause to refuse. Failure to accept such services shall result in termination until the person agrees to cooperate in accepting such services and subject to the following maximum periods of ineligibility after reapplication:

(i) First failure: One week;

(ii) Second failure within six months: One month;

(iii) Third and subsequent failure within one year: Two months.

(e) Persons who are likely eligible for federal supplemental security income benefits shall be moved into the disability lifeline expedited component of the disability lifeline program. Persons placed in the expedited component of the program may, if otherwise eligible, receive disability lifeline benefits pending application for federal supplemental security income benefits. The monetary value of any disability lifeline benefit that is subsequently duplicated by the person's receipt of supplemental security income for the same period shall be considered a debt due the state and shall by operation of law be subject to recovery through all available legal remedies.

(f) For purposes of determining whether a person is incapacitated from gainful employment under (a) of this subsection:

(i) The department shall adopt by rule medical criteria for disability lifeline incapacity determinations to ensure that eligibility decisions are consistent with statutory requirements and are based on clear, objective medical information; and

(ii) The process implementing the medical criteria shall involve consideration of opinions of the treating or consulting physicians or health care professionals regarding incapacity, and any eligibility decision which rejects uncontroverted medical opinion must set forth clear and convincing reasons for doing so.

(g) Persons receiving disability lifeline benefits based upon a finding of incapacity from gainful employment who remain otherwise eligible shall have their benefits discontinued unless the recipient demonstrates no material improvement in their medical or mental health condition. The department may discontinue benefits when there was specific error in the prior determination that found the person eligible by reason of incapacitation.

(h)(i) Beginning September 1, 2010, no person who is currently receiving or becomes eligible for disability lifeline program benefits shall be eligible to receive benefits under the program for more than twenty-four months in a sixty-month period. For purposes of this subsection, months of receipt of general assistance-unemployable benefits count toward the twenty-four month limit. Months during which a person received benefits under the expedited component of the disability lifeline or general assistance program or under the aged, blind, or disabled component of the disability lifeline or general assistance program shall not be included when determining whether a person has been receiving benefits for more than twenty-four months. On or before July 1, 2010, the department must review the cases of all persons who have received disability lifeline benefits or general assistance unemployable benefits for at least twenty months as of that date. On or before September 1, 2010, the department must review the cases of all remaining persons who have received disability lifeline benefits for at least twelve months as of that date. The review should determine whether the person meets the federal supplemental security income disability standard and, if the person does not meet that standard, whether the receipt of additional services could lead to employability. If a need for additional services is identified, the department shall provide case management services, such as assistance with arranging transportation or locating stable housing, that will facilitate the person's access to needed services. A person may not be determined ineligible due to exceeding the time limit unless he or she has received a case review under this subsection finding that the person does not meet the federal supplemental security income disability standard.

(ii) The time limits established under this subsection expire June 30, 2013.

(i) No person may be considered an eligible individual for disability lifeline benefits with respect to any month if during that month the person:

(i) Is fleeing to avoid prosecution of, or to avoid custody or confinement for conviction of, a felony, or an attempt to commit a felony, under the laws of the state of Washington or the place from which the person flees; or

(ii) Is violating a condition of probation, community supervision, or parole imposed under federal or state law for a felony or gross misdemeanor conviction.

(6) "Disability lifeline expedited" means a component of the disability lifeline program under which persons receiving disability lifeline benefits have been determined, after examination by an appropriate health care provider, to be likely to be eligible for federal supplemental security income benefits based on medical and behavioral health evidence that meets the disability standards used for the federal supplemental security income program.

(7) "Federal aid assistance"--The specific categories of assistance for which provision is made in any federal law existing or hereafter passed by which payments are made from the federal government to the state in aid or in respect to payment by the state for public assistance rendered to any category of needy persons for which provision for federal funds or aid may from time to time be made, or a federally administered needs-based program.

((6)(a) "General assistance"--Aid to persons in need who:

(i) Are not eligible to receive federal aid assistance, other than food stamps or food stamp benefits transferred electronically and medical assistance; however, an individual who refuses or fails to cooperate in obtaining federal aid assistance, without good cause, is not eligible for general assistance;

(ii) Meet one of the following conditions:

(A) Pregnant: PROVIDED, That need is based on the current income and resource requirements of the federal temporary assistance for needy families program; or

(B) Subject to chapter 165, Laws of 1992, incapacitated from gainful employment by reason of bodily or mental infirmity that will likely continue for a minimum of ninety days as determined by the department.

(C) Persons who are unemployable due to alcohol or drug addiction are not eligible for general assistance. Persons receiving general assistance on July 26, 1987, or becoming eligible for such assistance thereafter, due to an alcohol or drug related incapacity, shall be referred to appropriate assessment, treatment, shelter, or supplemental security income referral services as authorized under chapter 74.50 RCW. Referrals shall be made at the time of application or at the time of eligibility review. Alcoholic and drug addicted clients who are receiving general assistance on July 26, 1987, may remain on general assistance if they otherwise retain their eligibility until they are assessed for services under chapter 74.50 RCW. Subsection (6)(a)(ii)(B) of this section shall not be construed to prohibit the department from granting general assistance benefits to alcoholics and drug addicts who are incapacitated due to other physical or mental conditions that meet the eligibility criteria for the general assistance program;

(iii) Are citizens or aliens lawfully admitted for permanent residence or otherwise residing in the United States under color of law; and

(iv) Have furnished the department their social security account number. If the social security account number cannot be furnished because it has not been issued or is not known, an application for a number shall be made prior to authorization of assistance, and the social security number shall be provided to the department upon receipt.

(b) Notwithstanding the provisions of subsection (6)(a)(i), (ii), and (e) of this section, general assistance shall be provided to the following recipients of federal aid assistance:

(i) Recipients of supplemental security income whose need, as defined in this section, is not met by such supplemental security income grant because of separation from a spouse; or

(ii) To the extent authorized by the legislature in the biennial appropriations act, to recipients of temporary assistance for needy families whose needs are not being met because of a temporary reduction in monthly income below the entitled benefit payment level

~~caused by loss or reduction of wages or unemployment compensation benefits or some other unforeseen circumstances. The amount of general assistance authorized shall not exceed the difference between the entitled benefit payment level and the amount of income actually received.~~

~~—(c) General assistance shall be provided only to persons who are not members of assistance units receiving federal aid assistance, except as provided in subsection (6)(a)(ii)(A) and (b) of this section, and will accept available services which can reasonably be expected to enable the person to work or reduce the need for assistance unless there is good cause to refuse. Failure to accept such services shall result in termination until the person agrees to cooperate in accepting such services and subject to the following maximum periods of ineligibility after reapplication:~~

~~—(i) First failure: One week;~~

~~—(ii) Second failure within six months: One month;~~

~~—(iii) Third and subsequent failure within one year: Two months.~~

~~—(d) Persons found eligible for general assistance based on incapacity from gainful employment may, if otherwise eligible, receive general assistance pending application for federal supplemental security income benefits. Any general assistance that is subsequently duplicated by the person's receipt of supplemental security income for the same period shall be considered a debt due the state and shall by operation of law be subject to recovery through all available legal remedies.~~

~~—(e) The department shall adopt by rule medical criteria for general assistance eligibility to ensure that eligibility decisions are consistent with statutory requirements and are based on clear, objective medical information.~~

~~—(f) The process implementing the medical criteria shall involve consideration of opinions of the treating or consulting physicians or health care professionals regarding incapacity, and any eligibility decision which rejects uncontroverted medical opinion must set forth clear and convincing reasons for doing so.~~

~~—(g) Recipients of general assistance based upon a finding of incapacity from gainful employment who remain otherwise eligible shall have their benefits discontinued unless the recipient demonstrates no material improvement in their medical or mental condition. The department may discontinue benefits when there was specific error in the prior determination that found the recipient eligible by reason of incapacitation. Recipients of general assistance based upon pregnancy who relinquish their child for adoption, remain otherwise eligible, and are not eligible to receive benefits under the federal temporary assistance for needy families program shall not have their benefits terminated until the end of the month in which the period of six weeks following the birth of the recipient's child falls. Recipients of the federal temporary assistance for needy families program who lose their eligibility solely because of the birth and relinquishment of the qualifying child may receive general assistance through the end of the month in which the period of six weeks following the birth of the child falls.~~

~~—(h) No person may be considered an eligible individual for general assistance with respect to any month if during that month the person:~~

~~—(i) Is fleeing to avoid prosecution of, or to avoid custody or confinement for conviction of, a felony, or an attempt to commit a felony, under the laws of the state of Washington or the place from which the person flees; or~~

~~—(ii) Is violating a condition of probation, community supervision, or parole imposed under federal or state law for a felony or gross misdemeanor conviction.~~

~~—(7)) (8) "Applicant"--Any person who has made a request, or on behalf of whom a request has been made, to any county or local office for assistance.~~

~~((8)) (9) "Recipient"--Any person receiving assistance and in addition those dependents whose needs are included in the recipient's assistance.~~

~~((9)) (10) "Standards of assistance"--The level of income required by an applicant or recipient to maintain a level of living specified by the department.~~

~~((10)) (11) "Resource"--Any asset, tangible or intangible, owned by or available to the applicant at the time of application, which can be applied toward meeting the applicant's need, either directly or by conversion into money or its equivalent. The department may by rule designate resources that an applicant may retain and not be ineligible for public assistance because of such resources. Exempt resources shall include, but are not limited to:~~

~~(A) A home that an applicant, recipient, or their dependents is living in, including the surrounding property;~~

~~(B) Household furnishings and personal effects;~~

~~(C) A motor vehicle, other than a motor home, used and useful having an equity value not to exceed five thousand dollars;~~

~~(D) A motor vehicle necessary to transport a ((physically disabled)) household member with a physical disability. This exclusion is limited to one vehicle per ((physically disabled)) person with a physical disability;~~

~~(E) All other resources, including any excess of values exempted, not to exceed one thousand dollars or other limit as set by the department, to be consistent with limitations on resources and exemptions necessary for federal aid assistance. The department shall also allow recipients of temporary assistance for needy families to exempt savings accounts with combined balances of up to an additional three thousand dollars;~~

~~(F) Applicants for or recipients of ((general assistance)) disability lifecycle benefits shall have their eligibility based on resource limitations consistent with the temporary assistance for needy families program rules adopted by the department; and~~

~~(G) If an applicant for or recipient of public assistance possesses property and belongings in excess of the ceiling value, such value shall be used in determining the need of the applicant or recipient, except that: (i) The department may exempt resources or income when the income and resources are determined necessary to the applicant's or recipient's restoration to independence, to decrease the need for public assistance, or to aid in rehabilitating the applicant or recipient or a dependent of the applicant or recipient; and (ii) the department may provide grant assistance for a period not to exceed nine months from the date the agreement is signed pursuant to this section to persons who are otherwise ineligible because of excess real property owned by such persons when they are making a good faith effort to dispose of that property: PROVIDED, That:~~

~~(A) The applicant or recipient signs an agreement to repay the lesser of the amount of aid received or the net proceeds of such sale;~~

~~(B) If the owner of the excess property ceases to make good faith efforts to sell the property, the entire amount of assistance may become an overpayment and a debt due the state and may be recovered pursuant to RCW 43.20B.630;~~

~~(C) Applicants and recipients are advised of their right to a fair hearing and afforded the opportunity to challenge a decision that good faith efforts to sell have ceased, prior to assessment of an overpayment under this section; and~~

~~(D) At the time assistance is authorized, the department files a lien without a sum certain on the specific property.~~

~~((11)) (12) "Income"--(a) All appreciable gains in real or personal property (cash or kind) or other assets, which are received by or become available for use and enjoyment by an applicant or recipient during the month of application or after applying for or receiving public assistance. The department may by rule and regulation exempt income received by an applicant for or recipient of public assistance which can be used by him or her to decrease his or her need for public assistance or to aid in rehabilitating him or her or~~

his or her dependents, but such exemption shall not, unless otherwise provided in this title, exceed the exemptions of resources granted under this chapter to an applicant for public assistance. In addition, for cash assistance the department may disregard income pursuant to RCW 74.08A.230 and 74.12.350.

(b) If, under applicable federal requirements, the state has the option of considering property in the form of lump sum compensatory awards or related settlements received by an applicant or recipient as income or as a resource, the department shall consider such property to be a resource.

~~((12))~~ (13) "Need"--The difference between the applicant's or recipient's standards of assistance for himself or herself and the dependent members of his or her family, as measured by the standards of the department, and value of all nonexempt resources and nonexempt income received by or available to the applicant or recipient and the dependent members of his or her family.

~~((13))~~ (14) For purposes of determining eligibility for public assistance and participation levels in the cost of medical care, the department shall exempt restitution payments made to people of Japanese and Aleut ancestry pursuant to the Civil Liberties Act of 1988 and the Aleutian and Pribilof Island Restitution Act passed by congress, P.L. 100-383, including all income and resources derived therefrom.

~~((14))~~ (15) In the construction of words and phrases used in this title, the singular number shall include the plural, the masculine gender shall include both the feminine and neuter genders and the present tense shall include the past and future tenses, unless the context thereof shall clearly indicate to the contrary.

NEW SECTION. Sec. 5. A new section is added to chapter 74.04 RCW to read as follows:

REFERRAL TO THE DIVISION OF VOCATIONAL REHABILITATION. (1) The economic services administration shall work jointly with the division of vocational rehabilitation to develop an assessment tool that must be used to determine whether the programs offered by the division of vocational rehabilitation could assist persons receiving disability lifeline benefits in returning to the work force. The assessment tool shall be completed no later than December 1, 2010. The economic services administration shall begin using the tool no later than January 1, 2011. No later than December 30, 2011, the department shall report on the use of the tool and to what extent the programs offered by the division of vocational rehabilitation have been successful in returning persons receiving disability lifeline benefits to the work force.

(2) After January 1, 2011, all persons receiving disability lifeline benefits shall be assessed to determine whether they would likely benefit from a program offered by the division of vocational rehabilitation. If the assessment indicates that the person might benefit, the economic services administration shall make a referral to the division of vocational rehabilitation. If the person is found eligible for a program with the division of vocational rehabilitation, he or she must participate in that program to remain eligible for the monthly stipend and housing voucher or a cash grant. If the person refuses to participate or does not complete the program, the department shall terminate the cash stipend and housing voucher or cash grant but may not terminate medical coverage and food benefits.

NEW SECTION. Sec. 6. A new section is added to chapter 74.04 RCW to read as follows:

REFERRAL TO THE DEPARTMENT OF VETERANS AFFAIRS. During the application process for disability lifeline benefits, the department shall inquire of each applicant whether he or she has ever served in the United States military service. If the applicant answers in the affirmative, the department shall confer with a veterans benefit specialist with the Washington state department of veterans affairs or a contracted veterans service officer in the community to determine whether the applicant is eligible for any

benefits or programs offered to veterans by either the state or the federal government.

NEW SECTION. Sec. 7. A new section is added to chapter 74.04 RCW to read as follows:

EARLY SSI TRANSITION PROJECT. (1) To ensure that persons who are likely eligible for supplemental security income benefits are transitioned from disability lifeline benefits to disability lifeline expedited and the medicaid program, and then to the supplemental security income program as quickly as practicable, the department shall implement the early supplemental security income transition project starting in King, Pierce, and Spokane counties no later than July 1, 2010, and extending statewide no later than October 1, 2011. The program shall be implemented through performance-based contracts with managed health care systems providing medical care services under RCW 74.09.035 or other qualified entities. The participants shall have the following responsibilities and duties under this program:

(a) The entities with whom the department contracts to provide the program shall be responsible for:

(i) Systematically screening persons receiving disability lifeline benefits at the point of eligibility determination or shortly thereafter to determine if the persons should be referred for medical or behavioral health evaluations to determine whether they are likely eligible for supplemental security income;

(ii) Immediately sharing the results of the disability screening with the department;

(iii) Managing disability lifeline incapacity evaluation examinations to provide timely access to needed medical and behavioral health evaluations and standardizing health care providers' conduct of incapacity evaluations. To maximize the timeliness and efficiency of incapacity evaluation examinations, the department must strongly consider contracting with a managed health care system with a network of health care providers that are trained and have agreed to conduct disability lifeline medical and psychological incapacity and recertification exams. The department may obtain medical evidence and other relevant information from sources other than the contracted entity if such evidence is available at the time of a person's application for disability lifeline benefits and is sufficient to support a determination that the person is incapacitated;

(iv) Maintaining a centralized appointment and clinical data system; and

(v) Assisting persons receiving disability lifeline benefits with obtaining additional medical or behavioral health examinations needed to meet the disability standard for federal supplemental security income benefits and with submission of applications for supplemental security income benefits.

(b) The department shall be responsible for:

(i) Determining incapacity and eligibility for disability lifeline benefits;

(ii) Making timely determinations that a person receiving disability lifeline benefits is likely eligible for supplemental security income based on medical evidence and other relevant information provided by a contracted entity, and immediately referring such persons to a contracted entity for services;

(iii) Developing standardized procedures for sharing data and information with the contracted entities to ensure timely identification of clients who have not been transferred to the disability lifeline expedited program within four months of their date of application, but who may, upon further review, be appropriately transferred to that program;

(iv) Providing case management, in partnership with the managed health care system or contracted entity, to support persons' transition to federal supplemental security income and medicaid benefits; and

(v) Identifying a savings determination methodology, in consultation with the contracted entities, the office of financial

management, and the legislature, on or before implementation of the project.

(2) Early supplemental security income transition project contracts shall include the following performance goals:

(a) Persons receiving disability lifeline benefits should be screened within thirty days of entering the program to determine the propriety of their transfer to the disability lifeline expedited program; and

(b) Seventy-five percent of persons receiving disability lifeline benefits that appear likely to qualify for supplemental security income benefits shall be transferred to the disability lifeline expedited program within four months of their application for disability lifeline benefits.

(3) The initial focus of the efforts of the early supplemental security income transition project shall be on persons who have been receiving disability lifeline or general assistance unemployable benefits for twelve or more months as of September 1, 2010.

(4) No later than December 1, 2011, the department shall report to the governor and appropriate policy and fiscal committees on whether the early supplemental security income transition project performance goals in subsection (2) of this section were met, including the reasons those goals were or were not met.

(5) Pursuant to RCW 41.06.142(3), performance-based contracting under this section is expressly mandated by the legislature and is not subject to the processes set forth in RCW 41.06.142 (1), (4), and (5).

The statewide expansion of the program under this section shall be considered expressly mandated by the legislature and not be subject to the provisions of RCW 41.06.142 (1), (4), and (5).

NEW SECTION. Sec. 8. A new section is added to chapter 43.330 RCW to read as follows:

DISABILITY LIFELINE HOUSING VOUCHER PROGRAM.

(1) To address the housing issues faced by the disability lifeline applicants in RCW 74.04.005(5)(b), the department of commerce and the department of social and health services shall jointly develop a housing voucher program. The departments also shall develop housing resources to be used by the applicants in RCW 74.04.005(5)(b). To the greatest extent possible, the housing resources shall follow the supportive housing model. The department of commerce shall administer the housing voucher program and shall:

(a) Identify the current supply of private and public housing including acquisition and rental of existing housing stock;

(b) Develop funding strategies for the development of housing resources; and

(c) Design the voucher program to maximize the ability of the department of social and health services to recover federal funding.

(2) If the department of commerce determines that the housing supply is inadequate to meet the need for those applicants qualifying for housing vouchers under RCW 74.04.005(5)(b), those applicants shall instead receive a cash grant administered by the department of social and health services. Upon the department of commerce's determination that the housing supply is adequate to meet the needs of the applicants in RCW 74.04.005(5)(b), housing vouchers rather than cash grants shall be issued to these applicants who apply on or after the department's determination.

(3) The department of commerce and the department of social and health services shall evaluate the impact of the use of housing vouchers under this section and report to the governor and relevant policy and fiscal committees of the legislature by November 30, 2012, on the following items:

(a) The supply, affordability, appropriateness, and use of stable housing;

(b) The following outcomes for persons receiving disability lifeline housing vouchers:

(i) Participation in and completion of chemical dependency or mental health treatment;

(ii) Contact with law enforcement, including arrest and conviction data;

(iii) Use of emergency room services; and

(iv) Involuntary commitment under chapter 71.05 RCW.

NEW SECTION. Sec. 9. A new section is added to chapter 70.47 RCW to read as follows:

BASIC HEALTH PLAN ENROLLMENT. In order to ensure continuity of health care coverage and avoid deterioration in health status, persons who have lost eligibility for disability lifeline benefits under RCW 74.04.005(5) due to improvement in their health status and who are eligible for subsidized basic health coverage shall be given priority for enrollment in the basic health plan. If the administrator closes or limits subsidized enrollment, to the extent funding is available, the basic health plan must continue to accept and process applications for subsidized enrollment from persons described in this section.

NEW SECTION. Sec. 10. A new section is added to chapter 70.96A RCW to read as follows:

ACCESS TO CHEMICAL DEPENDENCY TREATMENT. If an assessment by a certified chemical dependency counselor indicates a need for drug or alcohol treatment, in order to enable a person receiving disability lifeline benefits to improve his or her health status and transition from disability lifeline benefits to employment, or transition to federal disability benefits, the person must be given high priority for enrollment in treatment, within funds appropriated for that treatment. However, first priority for receipt of treatment services must be given to pregnant women and parents of young children. This section expires June 30, 2013. Persons who are terminated from disability lifeline benefits under RCW 74.04.005(5)(h) and are actively engaged in chemical dependency treatment during the month they are terminated shall be provided the opportunity to complete their current course of treatment.

NEW SECTION. Sec. 11. A new section is added to chapter 74.04 RCW to read as follows:

By December 1, 2012, the Washington state institute for public policy shall submit a report to the governor and the relevant policy and fiscal committees of the legislature that:

(1) Analyzes the experience of persons who have been terminated from disability lifeline benefits pursuant to RCW 74.04.005(5). The report shall include at least the following information:

(a) The number of persons terminated from the program who transition to supplemental security income benefits;

(b) The number of persons who become employed;

(c) The rate at which the affected persons use hospital emergency room services;

(d) The number of persons involuntarily committed under chapter 71.05 RCW;

(e) The number of persons arrested or convicted of criminal offenses; and

(f) The mortality rate of the affected persons; and

(2) Reports as to whether the case review standards and early supplemental security income transition project performance goals in RCW 74.04.005(5) have been met by the department.

Sec. 12. RCW 10.101.010 and 1998 c 79 s 2 are each amended to read as follows:

The following definitions shall be applied in connection with this chapter:

(1) "Indigent" means a person who, at any stage of a court proceeding, is:

(a) Receiving one of the following types of public assistance: Temporary assistance for needy families, (~~general assistance~~) disability lifeline benefits, poverty-related veterans' benefits, food stamps or food stamp benefits transferred electronically, refugee resettlement benefits, medicaid, or supplemental security income; or

(b) Involuntarily committed to a public mental health facility; or

(c) Receiving an annual income, after taxes, of one hundred twenty- five percent or less of the current federally established poverty level; or

(d) Unable to pay the anticipated cost of counsel for the matter before the court because his or her available funds are insufficient to pay any amount for the retention of counsel.

(2) "Indigent and able to contribute" means a person who, at any stage of a court proceeding, is unable to pay the anticipated cost of counsel for the matter before the court because his or her available funds are less than the anticipated cost of counsel but sufficient for the person to pay a portion of that cost.

(3) "Anticipated cost of counsel" means the cost of retaining private counsel for representation on the matter before the court.

(4) "Available funds" means liquid assets and disposable net monthly income calculated after provision is made for bail obligations. For the purpose of determining available funds, the following definitions shall apply:

(a) "Liquid assets" means cash, savings accounts, bank accounts, stocks, bonds, certificates of deposit, equity in real estate, and equity in motor vehicles. A motor vehicle necessary to maintain employment and having a market value not greater than three thousand dollars shall not be considered a liquid asset.

(b) "Income" means salary, wages, interest, dividends, and other earnings which are reportable for federal income tax purposes, and cash payments such as reimbursements received from pensions, annuities, social security, and public assistance programs. It includes any contribution received from any family member or other person who is domiciled in the same residence as the defendant and who is helping to defray the defendant's basic living costs.

(c) "Disposable net monthly income" means the income remaining each month after deducting federal, state, or local income taxes, social security taxes, contributory retirement, union dues, and basic living costs.

(d) "Basic living costs" means the average monthly amount spent by the defendant for reasonable payments toward living costs, such as shelter, food, utilities, health care, transportation, clothing, loan payments, support payments, and court-imposed obligations.

Sec. 13. RCW 13.34.030 and 2009 c 520 s 21 and 2009 c 397 s 1 are each reenacted and amended to read as follows:

For purposes of this chapter:

(1) "Abandoned" means when the child's parent, guardian, or other custodian has expressed, either by statement or conduct, an intent to forego, for an extended period, parental rights or responsibilities despite an ability to exercise such rights and responsibilities. If the court finds that the petitioner has exercised due diligence in attempting to locate the parent, no contact between the child and the child's parent, guardian, or other custodian for a period of three months creates a rebuttable presumption of abandonment, even if there is no expressed intent to abandon.

(2) "Child" and "juvenile" means any individual under the age of eighteen years.

(3) "Current placement episode" means the period of time that begins with the most recent date that the child was removed from the home of the parent, guardian, or legal custodian for purposes of placement in out-of-home care and continues until: (a) The child returns home; (b) an adoption decree, a permanent custody order, or guardianship order is entered; or (c) the dependency is dismissed, whichever occurs first.

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

(5) "Dependency guardian" means the person, nonprofit corporation, or Indian tribe appointed by the court pursuant to this chapter for the limited purpose of assisting the court in the supervision of the dependency.

(6) "Dependent child" means any child who:

(a) Has been abandoned;

(b) Is abused or neglected as defined in chapter 26.44 RCW by a person legally responsible for the care of the child; or

(c) Has no parent, guardian, or custodian capable of adequately caring for the child, such that the child is in circumstances which constitute a danger of substantial damage to the child's psychological or physical development.

(7) "Developmental disability" means a disability attributable to mental retardation, cerebral palsy, epilepsy, autism, or another neurological or other condition of an individual found by the secretary to be closely related to mental retardation or to require treatment similar to that required for individuals with mental retardation, which disability originates before the individual attains age eighteen, which has continued or can be expected to continue indefinitely, and which constitutes a substantial handicap to the individual.

(8) "Guardian" means the person or agency that: (a) Has been appointed as the guardian of a child in a legal proceeding other than a proceeding under this chapter; and (b) has the legal right to custody of the child pursuant to such appointment. The term "guardian" shall not include a "dependency guardian" appointed pursuant to a proceeding under this chapter.

(9) "Guardian ad litem" means a person, appointed by the court to represent the best interests of a child in a proceeding under this chapter, or in any matter which may be consolidated with a proceeding under this chapter. A "court-appointed special advocate" appointed by the court to be the guardian ad litem for the child, or to perform substantially the same duties and functions as a guardian ad litem, shall be deemed to be guardian ad litem for all purposes and uses of this chapter.

(10) "Guardian ad litem program" means a court-authorized volunteer program, which is or may be established by the superior court of the county in which such proceeding is filed, to manage all aspects of volunteer guardian ad litem representation for children alleged or found to be dependent. Such management shall include but is not limited to: Recruitment, screening, training, supervision, assignment, and discharge of volunteers.

(11) "Housing assistance" means appropriate referrals by the department or other supervising agencies to federal, state, local, or private agencies or organizations, assistance with forms, applications, or financial subsidies or other monetary assistance for housing. For purposes of this chapter, "housing assistance" is not a remedial service or time-limited family reunification service as described in RCW 13.34.025(2).

(12) "Indigent" means a person who, at any stage of a court proceeding, is:

(a) Receiving one of the following types of public assistance: Temporary assistance for needy families, (~~general assistance~~) disability lifeline benefits, poverty-related veterans' benefits, food stamps or food stamp benefits transferred electronically, refugee resettlement benefits, medicaid, or supplemental security income; or

(b) Involuntarily committed to a public mental health facility; or

(c) Receiving an annual income, after taxes, of one hundred twenty- five percent or less of the federally established poverty level; or

(d) Unable to pay the anticipated cost of counsel for the matter before the court because his or her available funds are insufficient to pay any amount for the retention of counsel.

(13) "Out-of-home care" means placement in a foster family home or group care facility licensed pursuant to chapter 74.15 RCW or placement in a home, other than that of the child's parent, guardian, or legal custodian, not required to be licensed pursuant to chapter 74.15 RCW.

(14) "Preventive services" means preservation services, as defined in chapter 74.14C RCW, and other reasonably available services, including housing assistance, capable of preventing the need for out- of-home placement while protecting the child.

(15) "Shelter care" means temporary physical care in a facility licensed pursuant to RCW 74.15.030 or in a home not required to be licensed pursuant to RCW 74.15.030.

(16) "Sibling" means a child's birth brother, birth sister, adoptive brother, adoptive sister, half-brother, or half-sister, or as defined by the law or custom of the Indian child's tribe for an Indian child as defined in 25 U.S.C. Sec. 1903(4).

(17) "Social study" means a written evaluation of matters relevant to the disposition of the case and shall contain the following information:

(a) A statement of the specific harm or harms to the child that intervention is designed to alleviate;

(b) A description of the specific services and activities, for both the parents and child, that are needed in order to prevent serious harm to the child; the reasons why such services and activities are likely to be useful; the availability of any proposed services; and the agency's overall plan for ensuring that the services will be delivered. The description shall identify the services chosen and approved by the parent;

(c) If removal is recommended, a full description of the reasons why the child cannot be protected adequately in the home, including a description of any previous efforts to work with the parents and the child in the home; the in-home treatment programs that have been considered and rejected; the preventive services, including housing assistance, that have been offered or provided and have failed to prevent the need for out-of-home placement, unless the health, safety, and welfare of the child cannot be protected adequately in the home; and the parents' attitude toward placement of the child;

(d) A statement of the likely harms the child will suffer as a result of removal;

(e) A description of the steps that will be taken to minimize the harm to the child that may result if separation occurs including an assessment of the child's relationship and emotional bond with any siblings, and the agency's plan to provide ongoing contact between the child and the child's siblings if appropriate; and

(f) Behavior that will be expected before determination that supervision of the family or placement is no longer necessary.

(18) "Supervising agency" means an agency licensed by the state under RCW 74.15.090 or an Indian tribe under RCW 74.15.190 with whom the department has entered into a performance-based contract to provide child welfare services as defined in RCW 74.13.020.

Sec. 14. RCW 26.19.071 and 2009 c 84 s 3 are each amended to read as follows:

(1) **Consideration of all income.** All income and resources of each parent's household shall be disclosed and considered by the court when the court determines the child support obligation of each parent. Only the income of the parents of the children whose support is at issue shall be calculated for purposes of calculating the basic support obligation. Income and resources of any other person shall not be included in calculating the basic support obligation.

(2) **Verification of income.** Tax returns for the preceding two years and current paystubs shall be provided to verify income and deductions. Other sufficient verification shall be required for income and deductions which do not appear on tax returns or paystubs.

(3) **Income sources included in gross monthly income.** Except as specifically excluded in subsection (4) of this section, monthly gross income shall include income from any source, including:

- (a) Salaries;
- (b) Wages;
- (c) Commissions;
- (d) Deferred compensation;
- (e) Overtime, except as excluded for income in subsection (4)(h) of this section;
- (f) Contract-related benefits;
- (g) Income from second jobs, except as excluded for income in subsection (4)(h) of this section;

(h) Dividends;

(i) Interest;

(j) Trust income;

(k) Severance pay;

(l) Annuities;

(m) Capital gains;

(n) Pension retirement benefits;

(o) Workers' compensation;

(p) Unemployment benefits;

(q) Maintenance actually received;

(r) Bonuses;

(s) Social security benefits;

(t) Disability insurance benefits; and

(u) Income from self-employment, rent, royalties, contracts, proprietorship of a business, or joint ownership of a partnership or closely held corporation.

(4) **Income sources excluded from gross monthly income.** The following income and resources shall be disclosed but shall not be included in gross income:

(a) Income of a new spouse or new domestic partner or income of other adults in the household;

(b) Child support received from other relationships;

(c) Gifts and prizes;

(d) Temporary assistance for needy families;

(e) Supplemental security income;

(f) ~~((General assistance))~~ Disability lifeline benefits;

(g) Food stamps; and

(h) Overtime or income from second jobs beyond forty hours per week averaged over a twelve-month period worked to provide for a current family's needs, to retire past relationship debts, or to retire child support debt, when the court finds the income will cease when the party has paid off his or her debts.

Receipt of income and resources from temporary assistance for needy families, supplemental security income, ~~((general assistance))~~ disability lifeline benefits, and food stamps shall not be a reason to deviate from the standard calculation.

(5) **Determination of net income.** The following expenses shall be disclosed and deducted from gross monthly income to calculate net monthly income:

(a) Federal and state income taxes;

(b) Federal insurance contributions act deductions;

(c) Mandatory pension plan payments;

(d) Mandatory union or professional dues;

(e) State industrial insurance premiums;

(f) Court-ordered maintenance to the extent actually paid;

(g) Up to five thousand dollars per year in voluntary retirement contributions actually made if the contributions show a pattern of contributions during the one-year period preceding the action establishing the child support order unless there is a determination that the contributions were made for the purpose of reducing child support; and

(h) Normal business expenses and self-employment taxes for self-employed persons. Justification shall be required for any business expense deduction about which there is disagreement.

Items deducted from gross income under this subsection shall not be a reason to deviate from the standard calculation.

(6) **Imputation of income.** The court shall impute income to a parent when the parent is voluntarily unemployed or voluntarily underemployed. The court shall determine whether the parent is voluntarily underemployed or voluntarily unemployed based upon that parent's work history, education, health, and age, or any other relevant factors. A court shall not impute income to a parent who is gainfully employed on a full-time basis, unless the court finds that the parent is voluntarily underemployed and finds that the parent is purposely underemployed to reduce the parent's child support obligation. Income shall not be imputed for an unemployable parent.

Income shall not be imputed to a parent to the extent the parent is unemployed or significantly underemployed due to the parent's efforts to comply with court-ordered reunification efforts under chapter 13.34 RCW or under a voluntary placement agreement with an agency supervising the child. In the absence of records of a parent's actual earnings, the court shall impute a parent's income in the following order of priority:

- (a) Full-time earnings at the current rate of pay;
- (b) Full-time earnings at the historical rate of pay based on reliable information, such as employment security department data;
- (c) Full-time earnings at a past rate of pay where information is incomplete or sporadic;
- (d) Full-time earnings at minimum wage in the jurisdiction where the parent resides if the parent has a recent history of minimum wage earnings, is recently coming off public assistance, (~~general assistance-unemployable~~) disability lifeline benefits, supplemental security income, or disability, has recently been released from incarceration, or is a high school student;
- (e) Median net monthly income of year-round full-time workers as derived from the United States bureau of census, current population reports, or such replacement report as published by the bureau of census.

Sec. 15. RCW 31.04.540 and 2009 c 149 s 8 are each amended to read as follows:

(1) To the extent that implementation of this section does not conflict with federal law resulting in the loss of federal funding, proprietary reverse mortgage loan advances made to a borrower must be treated as proceeds from a loan and not as income for the purpose of determining eligibility and benefits under means-tested programs of aid to individuals.

(2) Undisbursed reverse mortgage funds must be treated as equity in the borrower's home and not as proceeds from a loan, resources, or assets for the purpose of determining eligibility and benefits under means-tested programs of aid to individuals.

(3) This section applies to any law or program relating to payments, allowances, benefits, or services provided on a means-tested basis by this state including, but not limited to, optional state supplements to the federal supplemental security income program, low-income energy assistance, property tax relief, (~~general assistance~~) disability lifeline benefits, and medical assistance only to the extent this section does not conflict with Title 19 of the federal social security act.

Sec. 16. RCW 70.123.110 and 1997 c 59 s 9 are each amended to read as follows:

(~~General assistance~~) Disability lifeline benefits or temporary assistance for needy families payments shall be made to otherwise eligible individuals who are residing in a secure shelter, a housing network or other shelter facility which provides shelter services to persons who are victims of domestic violence. Provisions shall be made by the department for the confidentiality of the shelter addresses where victims are residing.

Sec. 17. RCW 73.08.005 and 2009 c 35 s 1 are each amended to read as follows:

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

(1) "Direct costs" includes those allowable costs that can be readily assigned to the statutory objectives of this chapter, consistent with the cost principles promulgated by the federal office of management and budget in circular No. A-87, dated May 10, 2004.

(2) "Family" means the spouse or domestic partner, surviving spouse, surviving domestic partner, and dependent children of a living or deceased veteran.

(3) "Indigent" means a person who is defined as such by the county legislative authority using one or more of the following definitions:

(a) Receiving one of the following types of public assistance: Temporary assistance for needy families, (~~general assistance~~) disability lifeline benefits, poverty-related veterans' benefits, food stamps or food stamp benefits transferred electronically, refugee resettlement benefits, medicaid, or supplemental security income;

(b) Receiving an annual income, after taxes, of up to one hundred fifty percent or less of the current federally established poverty level, or receiving an annual income not exceeding a higher qualifying income established by the county legislative authority; or

(c) Unable to pay reasonable costs for shelter, food, utilities, and transportation because his or her available funds are insufficient.

(4) "Indirect costs" includes those allowable costs that are generally associated with carrying out the statutory objectives of this chapter, but the identification and tracking of those costs cannot be readily assigned to a specific statutory objective without an accounting effort that is disproportionate to the benefit received. A county legislative authority may allocate allowable indirect costs to its veterans' assistance fund if it is accomplished in a manner consistent with the cost principles promulgated by the federal office of management and budget in circular No. A-87, dated May 10, 2004.

(5) "Veteran" has the same meaning as defined in RCW 41.04.005 and 41.04.007, and includes a current member of the national guard or armed forces reserves who has been deployed to serve in an armed conflict.

(6) "Veterans' advisory board" means a board established by a county legislative authority under the authority of RCW 73.08.035.

(7) "Veterans' assistance fund" means an account in the custody of the county auditor, or the chief financial officer in a county operating under a charter, that is funded by taxes levied under the authority of RCW 73.08.080.

(8) "Veterans' assistance program" means a program approved by the county legislative authority under the authority of RCW 73.08.010 that is fully or partially funded by the veterans' assistance fund authorized by RCW 73.08.080.

Sec. 18. RCW 74.04.0052 and 1997 c 58 s 502 are each amended to read as follows:

(1) The department shall determine, after consideration of all relevant factors and in consultation with the applicant, the most appropriate living situation for applicants under eighteen years of age, unmarried, and pregnant who are eligible for (~~general assistance as defined in RCW 74.04.005(6)(a)(ii)(A))~~ disability lifeline benefits. An appropriate living situation shall include a place of residence that is maintained by the applicant's parents, parent, legal guardian, or other adult relative as their or his or her own home and that the department finds would provide an appropriate supportive living arrangement. It also includes a living situation maintained by an agency that is licensed under chapter 74.15 RCW that the department finds would provide an appropriate supportive living arrangement. Grant assistance shall not be provided under this chapter if the applicant does not reside in the most appropriate living situation, as determined by the department.

(2) A pregnant minor residing in the most appropriate living situation, as provided under subsection (1) of this section, is presumed to be unable to manage adequately the funds paid to the minor or on behalf of the dependent child or children and, unless the minor provides sufficient evidence to rebut the presumption, shall be subject to the protective payee requirements provided for under RCW 74.12.250 and 74.08.280.

(3) The department shall consider any statements or opinions by either parent of the unmarried minor parent or pregnant minor applicant as to an appropriate living situation for the minor, whether in the parental home or other situation. If the parents or a parent of the minor request, they or he or she shall be entitled to a hearing in juvenile court regarding designation of the parental home or other relative placement as the most appropriate living situation for the pregnant or parenting minor.

The department shall provide the parents or parent with the opportunity to make a showing that the parental home, or home of the other relative placement, is the most appropriate living situation. It shall be presumed in any administrative or judicial proceeding conducted under this subsection that the parental home or other relative placement requested by the parents or parent is the most appropriate living situation. This presumption is rebuttable.

(4) In cases in which the minor is unmarried and unemployed, the department shall, as part of the determination of the appropriate living situation, provide information about adoption including referral to community-based organizations providing counseling.

(5) For the purposes of this section, "most appropriate living situation" shall not include a living situation including an adult male who fathered the qualifying child and is found to meet the elements of rape of a child as set forth in RCW 9A.44.079.

Sec. 19. RCW 74.04.120 and 1979 c 141 s 301 are each amended to read as follows:

Allocations of state and federal funds shall be made upon the basis of need within the respective counties as disclosed by the quarterly budgets, considered in conjunction with revenues available for the satisfaction of that need: PROVIDED, That in preparing his quarterly budget for federal aid assistance, the administrator shall include the aggregate of the individual case load approved by the department to date on the basis of need and the secretary shall approve and allocate an amount sufficient to service the aggregate case load as included in said budget, and in the event any portion of the budgeted case load cannot be serviced with moneys available for the particular category for which an application is made the committee may on the administrator's request authorize the transfer of sufficient ~~((general assistance))~~ disability lifeline program funds to the appropriation for such category to service such case load and secure the benefit of federal matching funds.

Sec. 20. RCW 74.04.230 and 1982 c 204 s 16 are each amended to read as follows:

Persons eligible for ~~((general assistance under RCW 74.04.005))~~ disability lifeline benefits are eligible for mental health services to the extent that they meet the client definitions and priorities established by chapter 71.24 RCW.

Sec. 21. RCW 74.04.266 and 1977 ex.s. c 215 s 1 are each amended to read as follows:

In determining need for ~~((general assistance for unemployable persons as defined in RCW 74.04.005(6)(a)))~~ disability lifeline benefits, the department may by rule and regulation establish a monthly earned income exemption in an amount not to exceed the exemption allowable under disability programs authorized in Title XVI of the federal social security act.

Sec. 22. RCW 74.04.620 and 1983 1st ex.s. c 41 s 37 are each amended to read as follows:

(1) The department is authorized to establish a program of state supplementation to the national program of supplemental security income consistent with Public Law 92-603 and Public Law 93-66 to those persons who are in need thereof in accordance with eligibility requirements established by the department.

(2) The department is authorized to establish reasonable standards of assistance and resource and income exemptions specifically for such program of state supplementation which shall be consistent with the provisions of the Social Security Act.

(3) The department is authorized to make payments to applicants for supplemental security income, pursuant to agreements as provided in Public Law 93-368, who are otherwise eligible for ~~((general assistance))~~ disability lifeline benefits.

(4) Any agreement between the department and a supplemental security income applicant providing for the reimbursement of interim assistance to the department shall provide, if the applicant has been represented by an attorney, that twenty-five percent of the reimbursement received shall be withheld by the department and all

or such portion thereof as has been approved as a fee by the United States department of health and human services shall be released directly to the applicant's attorney. The secretary may maintain such records as are deemed appropriate to measure the cost and effectiveness of such agreements and may make recommendations concerning the continued use of such agreements to the legislature.

Sec. 23. RCW 74.04.770 and 1997 c 59 s 11 are each amended to read as follows:

The department shall establish consolidated standards of need each fiscal year which may vary by geographical areas, program, and family size, for temporary assistance for needy families, refugee assistance, supplemental security income, and ~~((general assistance))~~ disability lifeline benefits. Standards for temporary assistance for needy families, refugee assistance, and ~~((general assistance))~~ disability lifeline benefits shall be based on studies of actual living costs and generally recognized inflation indices and shall include reasonable allowances for shelter, fuel, food, transportation, clothing, household maintenance and operations, personal maintenance, and necessary incidentals. The standard of need may take into account the economies of joint living arrangements, but unless explicitly required by federal statute, there shall not be proration of any portion of assistance grants unless the amount of the grant standard is equal to the standard of need.

The department is authorized to establish rateable reductions and grant maximums consistent with federal law.

Payment level will be equal to need or a lesser amount if rateable reductions or grant maximums are imposed. In no case shall a recipient of supplemental security income receive a state supplement less than the minimum required by federal law.

The department may establish a separate standard for shelter provided at no cost.

Sec. 24. RCW 74.08.043 and 1981 1st ex.s. c 6 s 12 are each amended to read as follows:

In determining the living requirements of otherwise eligible applicants and recipients of supplemental security income and ~~((general assistance))~~ disability lifeline benefits, the department is authorized to consider the need for personal and special care and supervision due to physical and mental conditions.

Sec. 25. RCW 74.08.278 and 1979 c 141 s 327 are each amended to read as follows:

In order to comply with federal statutes and regulations pertaining to federal matching funds and to provide for the prompt payment of initial grants and adjusting payments of grants the secretary is authorized to make provisions for the cash payment of assistance by the secretary or county administrators by the establishment of a central operating fund. The secretary may establish such a fund with the approval of the state auditor from moneys appropriated to the department for the payment of ~~((general assistance))~~ disability lifeline benefits in a sum not to exceed one million dollars. Such funds shall be deposited as agreed upon by the secretary and the state auditor in accordance with the laws regulating the deposits of public funds. Such security shall be required of the depository in connection with the fund as the state treasurer may prescribe. Moneys remaining in the fund shall be returned to the general fund at the end of the biennium, or an accounting of proper expenditures from the fund shall be made to the state auditor. All expenditures from such central operating fund shall be reimbursed out of and charged to the proper program appropriated by the use of such forms and vouchers as are approved by the secretary of the department and the state auditor. Expenditures from such fund shall be audited by the director of financial management and the state auditor from time to time and a report shall be made by the state auditor and the secretary as are required by law.

Sec. 26. RCW 74.08.335 and 1997 c 59 s 13 are each amended to read as follows:

Temporary assistance for needy families and (~~general assistance~~) disability lifeline benefits shall not be granted to any person who has made an assignment or transfer of property for the purpose of rendering himself or herself eligible for the assistance. There is a rebuttable presumption that a person who has transferred or transfers any real or personal property or any interest in property within two years of the date of application for the assistance without receiving adequate monetary consideration therefor, did so for the purpose of rendering himself or herself eligible for the assistance. Any person who transfers property for the purpose of rendering himself or herself eligible for assistance, or any person who after becoming a recipient transfers any property or any interest in property without the consent of the secretary, shall be ineligible for assistance for a period of time during which the reasonable value of the property so transferred would have been adequate to meet the person's needs under normal conditions of living: PROVIDED, That the secretary is hereby authorized to allow exceptions in cases where undue hardship would result from a denial of assistance.

Sec. 27. RCW 74.08A.210 and 1997 c 58 s 302 are each amended to read as follows:

(1) In order to prevent some families from developing dependency on temporary assistance for needy families, the department shall make available to qualifying applicants a diversion program designed to provide brief, emergency assistance for families in crisis whose income and assets would otherwise qualify them for temporary assistance for needy families.

(2) Diversion assistance may include cash or vouchers in payment for the following needs:

- (a) Child care;
- (b) Housing assistance;
- (c) Transportation-related expenses;
- (d) Food;
- (e) Medical costs for the recipient's immediate family;
- (f) Employment-related expenses which are necessary to keep or obtain paid unsubsidized employment.

(3) Diversion assistance is available once in each twelve-month period for each adult applicant. Recipients of diversion assistance are not included in the temporary assistance for needy families program.

(4) Diversion assistance may not exceed one thousand five hundred dollars for each instance.

(5) To be eligible for diversion assistance, a family must otherwise be eligible for temporary assistance for needy families.

(6) Families ineligible for temporary assistance for needy families or (~~general assistance~~) disability lifeline benefits due to sanction, noncompliance, the lump sum income rule, or any other reason are not eligible for diversion assistance.

(7) Families must provide evidence showing that a bona fide need exists according to subsection (2) of this section in order to be eligible for diversion assistance.

An adult applicant may receive diversion assistance of any type no more than once per twelve-month period. If the recipient of diversion assistance is placed on the temporary assistance for needy families program within twelve months of receiving diversion assistance, the prorated dollar value of the assistance shall be treated as a loan from the state, and recovered by deduction from the recipient's cash grant.

Sec. 28. RCW 74.09.010 and 2007 c 3 s 2 are each amended to read as follows:

As used in this chapter:

(1) "Children's health program" means the health care services program provided to children under eighteen years of age and in households with incomes at or below the federal poverty level as annually defined by the federal department of health and human services as adjusted for family size, and who are not otherwise eligible for medical assistance or the limited casualty program for the medically needy.

(2) "Committee" means the children's health services committee created in section 3 of this act.

(3) "County" means the board of county commissioners, county council, county executive, or tribal jurisdiction, or its designee. A combination of two or more county authorities or tribal jurisdictions may enter into joint agreements to fulfill the requirements of RCW 74.09.415 through 74.09.435.

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

(5) "Department of health" means the Washington state department of health created pursuant to RCW 43.70.020.

(6) "Internal management" means the administration of medical assistance, medical care services, the children's health program, and the limited casualty program.

(7) "Limited casualty program" means the medical care program provided to medically needy persons as defined under Title XIX of the federal social security act, and to medically indigent persons who are without income or resources sufficient to secure necessary medical services.

(8) "Medical assistance" means the federal aid medical care program provided to categorically needy persons as defined under Title XIX of the federal social security act.

(9) "Medical care services" means the limited scope of care financed by state funds and provided to (~~general assistance~~) disability lifeline benefits recipients, and recipients of alcohol and drug addiction services provided under chapter 74.50 RCW.

(10) "Nursing home" means nursing home as defined in RCW 18.51.010.

(11) "Poverty" means the federal poverty level determined annually by the United States department of health and human services, or successor agency.

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

(13) "Full benefit dual eligible beneficiary" means an individual who, for any month: Has coverage for the month under a medicare prescription drug plan or medicare advantage plan with part D coverage; and is determined eligible by the state for full medicaid benefits for the month under any eligibility category in the state's medicaid plan or a section 1115 demonstration waiver that provides pharmacy benefits.

Sec. 29. RCW 74.09.035 and 1987 c 406 s 12 are each amended to read as follows:

(1) To the extent of available funds, medical care services may be provided to recipients of (~~general assistance~~) disability lifeline benefits, persons denied disability lifeline benefits under RCW 74.04.005(5)(b) or section 5 of this act who otherwise meet the requirements of RCW 74.04.005(5)(a), and recipients of alcohol and drug addiction services provided under chapter 74.50 RCW, in accordance with medical eligibility requirements established by the department. To the extent authorized in the operating budget, upon implementation of a federal medicaid 1115 waiver providing federal matching funds for medical care services, these services also may be provided to persons who have been terminated from disability lifeline benefits under RCW 74.04.005(5)(h).

(2) Determination of the amount, scope, and duration of medical care services shall be limited to coverage as defined by the department, except that adult dental, and routine foot care shall not be included unless there is a specific appropriation for these services.

(3) The department shall enter into performance-based contracts with one or more managed health care systems for the provision of medical care services to recipients of disability lifeline benefits. The contract must provide for integrated delivery of medical and mental health services.

(4) The department shall establish standards of assistance and resource and income exemptions, which may include deductibles and co-insurance provisions. In addition, the department may include a

prohibition against the voluntary assignment of property or cash for the purpose of qualifying for assistance.

~~((4))~~ (5) Residents of skilled nursing homes, intermediate care facilities, and intermediate care facilities for the mentally retarded, as that term is described by federal law, who are eligible for medical care services shall be provided medical services to the same extent as provided to those persons eligible under the medical assistance program.

~~((5))~~ (6) Payments made by the department under this program shall be the limit of expenditures for medical care services solely from state funds.

~~((6))~~ (7) Eligibility for medical care services shall commence with the date of certification for ~~((general assistance))~~ disability lifeline benefits or the date of eligibility for alcohol and drug addiction services provided under chapter 74.50 RCW.

Sec. 30. RCW 74.09.555 and 2005 c 503 s 12 are each amended to read as follows:

(1) The department shall adopt rules and policies providing that when persons with a mental disorder, who were enrolled in medical assistance immediately prior to confinement, are released from confinement, their medical assistance coverage will be fully reinstated on the day of their release, subject to any expedited review of their continued eligibility for medical assistance coverage that is required under federal or state law.

(2) The department, in collaboration with the Washington association of sheriffs and police chiefs, the department of corrections, and the regional support networks, shall establish procedures for coordination between department field offices, institutions for mental disease, and correctional institutions, as defined in RCW 9.94.049, that result in prompt reinstatement of eligibility and speedy eligibility determinations for persons who are likely to be eligible for medical assistance services upon release from confinement. Procedures developed under this subsection must address:

(a) Mechanisms for receiving medical assistance services applications on behalf of confined persons in anticipation of their release from confinement;

(b) Expeditious review of applications filed by or on behalf of confined persons and, to the extent practicable, completion of the review before the person is released;

(c) Mechanisms for providing medical assistance services identity cards to persons eligible for medical assistance services immediately upon their release from confinement; and

(d) Coordination with the federal social security administration, through interagency agreements or otherwise, to expedite processing of applications for federal supplemental security income or social security disability benefits, including federal acceptance of applications on behalf of confined persons.

(3) Where medical or psychiatric examinations during a person's confinement indicate that the person is disabled, the correctional institution or institution for mental diseases shall provide the department with that information for purposes of making medical assistance eligibility and enrollment determinations prior to the person's release from confinement. The department shall, to the maximum extent permitted by federal law, use the examination in making its determination whether the person is disabled and eligible for medical assistance.

(4) For purposes of this section, "confined" or "confinement" means incarcerated in a correctional institution, as defined in RCW 9.94.049, or admitted to an institute for mental disease, as defined in 42 C.F.R. part 435, Sec. 1009 on July 24, 2005.

(5) For purposes of this section, "likely to be eligible" means that a person:

(a) Was enrolled in medicaid or supplemental security income or ~~((general assistance))~~ the disability lifeline program immediately

before he or she was confined and his or her enrollment was terminated during his or her confinement; or

(b) Was enrolled in medicaid or supplemental security income or ~~((general assistance))~~ the disability lifeline program at any time during the five years before his or her confinement, and medical or psychiatric examinations during the person's confinement indicate that the person continues to be disabled and the disability is likely to last at least twelve months following release.

(6) The economic services administration shall adopt standardized statewide screening and application practices and forms designed to facilitate the application of a confined person who is likely to be eligible for medicaid.

Sec. 31. RCW 74.50.060 and 1989 1st ex.s. c 18 s 3 are each amended to read as follows:

(1) The department shall establish a shelter assistance program to provide, within available funds, shelter for persons eligible under this chapter. "Shelter," "shelter support," or "shelter assistance" means a facility under contract to the department providing room and board in a supervised living arrangement, normally in a group or dormitory setting, to eligible recipients under this chapter. This may include supervised domiciliary facilities operated under the auspices of public or private agencies. No facility under contract to the department shall allow the consumption of alcoholic beverages on the premises. The department may contract with counties and cities for such shelter services. To the extent possible, the department shall not displace existing emergency shelter beds for use as shelter under this chapter. In areas of the state in which it is not feasible to develop shelters, due to low numbers of people needing shelter services, or in which sufficient numbers of shelter beds are not available, the department may provide shelter through an intensive protective payee program, unless the department grants an exception on an individual basis for less intense supervision.

(2) Persons continuously eligible for the ~~((general assistance--unemployable program))~~ disability lifeline program since July 25, 1987, who transfer to the program established by this chapter, have the option to continue their present living situation, but only through a protective payee.

NEW SECTION. Sec. 32. A new section is added to chapter 74.08A RCW to read as follows:

Recipients exempted from active work search activities due to incapacity or a disability shall receive disability lifeline benefits as they relate to the facilitation of enrollment in the federal supplemental security income program, access to chemical dependency treatment, referrals to vocational rehabilitation, and other services needed to assist the recipient in becoming employable. Disability lifeline benefits shall not supplant cash assistance and other services provided through the temporary assistance for needy families program. To the greatest extent possible, services shall be funded through the temporary assistance for needy families appropriations.

NEW SECTION. Sec. 33. This act shall be known and cited as the security lifeline act.

NEW SECTION. Sec. 34. Except for section 10 of this act, this act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect immediately.

NEW SECTION. Sec. 35. Section 10 of this act takes effect July 1, 2010.

NEW SECTION. Sec. 36. If private funding sufficient to implement and operate the portal authorized under section 2 of this act is not secured by December 31, 2010, section 2 of this act is null and void.

NEW SECTION. Sec. 37. Sections 1 through 10 and 29 of this act shall be implemented within the amounts appropriated specifically for these purposes in the omnibus operating appropriations act."

On page 1, line 1 of the title, after "lifeline act;" strike the remainder of the title and insert "amending RCW 74.04.005, 10.101.010, 26.19.071, 31.04.540, 70.123.110, 73.08.005, 74.04.0052, 74.04.120, 74.04.230, 74.04.266, 74.04.620, 74.04.770, 74.08.043, 74.08.278, 74.08.335, 74.08A.210, 74.09.010, 74.09.035, 74.09.555, and 74.50.060; reenacting and amending RCW 13.34.030; adding new sections to chapter 74.04 RCW; adding a new section to chapter 43.330 RCW; adding a new section to chapter 70.47 RCW; adding a new section to chapter 70.96A RCW; adding a new section to chapter 74.08A RCW; creating new sections; providing an effective date; providing an expiration date; and declaring an emergency."

and the same is herewith transmitted.

Brad Hendrickson, Deputy, Secretary

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

THIRD READING

SENATE AMENDMENT TO HOUSE BILL

Representative Dickerson moved that the House concur in the Senate amendment to ENGROSSED SECOND SUBSTITUTE HOUSE BILL NO. 2782 and advanced the bill, as amended by the Senate, to final passage.

Representative Dickerson spoke in favor of the adoption of the motion.

Representative Dammeier spoke against the adoption of the motion.

An electronic roll call was requested.

The Speaker (Representative Morris presiding) stated the question before the House to be the adoption of the motion to concur in the Senate amendment to Engrossed Second Substitute House Bill No. 2782.

ROLL CALL

The clerk called the roll on the motion to concur in the Senate amendment to Engrossed Second Substitute House Bill No. 2782, and the motion was adopted by following vote: Yeas, 57; Nays, 40; Absent, 0; Excused, 1.

Voting yea: Representatives Appleton, Blake, Carlyle, Chase, Clibborn, Cody, Conway, Darneille, Dickerson, Dunshee, Eddy, Ericks, Finn, Flannigan, Goodman, Green, Haigh, Hasegawa, Hudgins, Hunt, Hunter, Jacks, Kagi, 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, Wood and Mr. Speaker.

Voting nay: Representatives Alexander, Anderson, Angel, Armstrong, Bailey, Campbell, Chandler, Condotta, Crouse, Dammeier, DeBolt, Driscoll, Ericksen, Fagan, Haler, Herrera, Hinkle, Hope, Hurst, Johnson, Kelley, Klippert, Kretz, Kristiansen, McCune, Nealey, Orcutt, Parker, Pearson, Priest, Rodne, Ross, Schmick, Shea, Short, Smith, Taylor, Walsh, Warnick and Williams.

Excused: Representative Roach.

The motion was adopted.

FINAL PASSAGE OF HOUSE BILL AS SENATE AMENDED

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

Representative Dammeier 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 Second Substitute House Bill No. 2782, as amended by the Senate.

ROLL CALL

The Clerk called the roll on the final passage of Engrossed Second Substitute House Bill No. 2782, as amended by the Senate, and the bill passed the House by the following vote: Yeas, 57; Nays, 40; Absent, 0; Excused, 1.

Voting yea: Representatives Appleton, Blake, Carlyle, Chase, Clibborn, Cody, Conway, Darneille, Dickerson, Dunshee, Eddy, Ericks, Finn, Flannigan, Goodman, Green, Haigh, Hasegawa, Hudgins, Hunt, Hunter, Jacks, Kagi, 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, Wood and Mr. Speaker.

Voting nay: Representatives Alexander, Anderson, Angel, Armstrong, Bailey, Campbell, Chandler, Condotta, Crouse, Dammeier, DeBolt, Driscoll, Ericksen, Fagan, Haler, Herrera, Hinkle, Hope, Hurst, Johnson, Kelley, Klippert, Kretz, Kristiansen, McCune, Nealey, Orcutt, Parker, Pearson, Priest, Rodne, Ross, Schmick, Shea, Short, Smith, Taylor, Walsh, Warnick and Williams.

Excused: Representative Roach.

ENGROSSED SECOND SUBSTITUTE HOUSE BILL NO. 2782, as amended by the Senate, having received the necessary constitutional majority, was declared passed.

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

SECOND READING

HOUSE BILL NO. 3197, by Representatives Sullivan, Linville, Seaquist, Ericks and Haigh

Transferring funds from the budget stabilization account to the general fund.

The bill was read the second time.

With the consent of the House, amendments (1664), (1665), (1666) and (1667) were withdrawn.

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

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

Representatives Alexander, Anderson and Orcutt spoke against the passage of the bill.

The Speaker (Representative Moeller presiding) stated the question before the House to be the final passage of House Bill No. 3197.

ROLL CALL

The Clerk called the roll on the final passage of House Bill No. 3197, and the bill passed the House by the following vote: Yeas, 69; Nays, 28; Absent, 0; Excused, 1.

Voting yea: Representatives Appleton, Blake, Carlyle, Chase, Clibborn, Cody, Conway, Dammeier, Darneille, Dickerson, Driscoll, Dunshee, Eddy, Ericks, Ericksen, Finn, Flannigan, Goodman, Green, Haigh, Hasegawa, Herrera, Hinkle, Hudgins, Hunt, Hunter, Hurst, Jacks, Johnson, 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, Ross, 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, Crouse, DeBolt, Fagan, Haler, Hope, Klippert, Kretz, Kristiansen, McCune, Nealey, Orcutt, Pearson, Rodne, Schmick, Shea, Short, Smith, Taylor, Walsh and Warnick.

Excused: Representative Roach.

HOUSE BILL NO. 3197, having received the necessary constitutional majority, was declared passed.

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

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

There being no objection, the House adjourned until 9:55 a.m., March 23, 2010, the 9th Day of the 1st Special Session.

FRANK CHOPP, Speaker

BARBARA BAKER, Chief Clerk

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