

TWENTY FIFTH DAY

House Chamber, Olympia, Thursday, June 6, 2013

The House was called to order at 8:00 a.m. by the Speaker (Representative Springer presiding).

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 fifth order of business.

REPORTS OF STANDING COMMITTEES

June 5, 2013

HB 1057 Prime Sponsor, Representative Hunter: Making 2013-2015 operating appropriations. Reported by Committee on Appropriations

MAJORITY recommendation: The substitute bill be substituted therefor and the substitute bill do pass. Signed by Representatives Hunter, Chair; Ormsby, Vice Chair; Carlyle; Cody; Dunshee; Green; Haigh; Hudgins; Hunt; Jinkins; Kagi; Maxwell, Member; Morrell; Pedersen; Pettigrew; Seaquist; Springer and Sullivan.

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

June 5, 2013

HB 2034 Prime Sponsor, Representative Ormsby: Relating to funding K-12 basic education and higher education by narrowing or eliminating tax preferences. Reported by Committee on Appropriations

MAJORITY recommendation: The substitute bill be substituted therefor and the substitute bill do pass. Signed by Representatives Hunter, Chair; Ormsby, Vice Chair; Carlyle; Cody; Dunshee; Green; Haigh; Hudgins; Hunt; Jinkins; Kagi; Maxwell, Member; Morrell; Pedersen; Pettigrew; Seaquist; Springer and Sullivan.

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

June 5, 2013

HB 2069 Prime Sponsor, Representative Hunter: Concerning continuation of safety net benefits for persons with a physical or mental disability which makes them eligible for certain social services programs. Reported by Committee on Appropriations

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

MINORITY recommendation: Do not pass. Signed by Representatives Buys; Dahlquist; Fagan; Haler; Schmick and Taylor.

There being no objection, the bills listed on the day's committee reports under the fifth order of business were placed on the second reading calendar.

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

The Clerk called the roll and a quorum was present.

The flags were escorted to the rostrum by a Sergeant at Arms Color Guard, Susan Frans and Christopher Carlile. The Speaker (Representative Springer presiding) led the Chamber in the Pledge of Allegiance. The prayer was offered by Representative Paul Harris, 17th District, Washington.

SPEAKER'S PRIVILEGE

The Speaker (Representative Moeller presiding) requested a moment of silence for Trooper Sean O'Connell.

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

THIRD READING

ENGROSSED SUBSTITUTE HOUSE BILL NO. 1947, by House Committee on Appropriations (originally sponsored by Representatives Cody, Hunter, Jinkins and Harris).

Concerning the operating expenses of the Washington health benefit exchange.

The bill was read the third time.

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

MOTIONS

On motion of Representative Harris, Representatives Crouse, Hope, Nealey and Rodne were excused.

The Speaker (Representative Moeller presiding) stated the question before the House to be the final passage of Engrossed Substitute House Bill No. 1947.

ROLL CALL

The Clerk called the roll on the final passage of Engrossed Substitute House Bill No. 1947, and the bill passed the House by the following vote: Yeas, 68; Nays, 25; Absent, 0; Excused, 4.

Voting yea: Representatives Alexander, Angel, Appleton, Bergquist, Blake, Carlyle, Clibborn, Cody, Dahlquist, Dunshee, Fagan, Farrell, Fey, Fitzgibbon, Freeman, Goodman, Green, Habib, Haigh, Hansen, Harris, Hayes, Hudgins, Hunt, Hunter, Hurst, Jinkins, Kagi, Kirby, Klippert, Kochmar, Liias, Lytton, Magendanz, Maxwell, McCoy, Moeller, Morrell, Morris, Moscoso, Ormsby, Orwall, Pedersen, Pettigrew, Pollet, Reykdal, Riccelli, Roberts, Ryu, Santos, Sawyer, Schmick, Seaquist, Sells, Smith, Springer, Stanford, Stonier, Sullivan, Takko, Tarleton, Tharinger, Upthegrove, Van De Wege, Walsh, Wilcox, Wylie and Mr. Speaker.

Voting nay: Representatives Buys, Chandler, Condotta, DeBolt, Haler, Hargrove, Hawkins, Holy, Johnson, Kretz, Kristiansen, MacEwen, Manweller, Orcutt, Overstreet, Parker, Pike, Ross, Scott, Shea, Short, Taylor, Vick, Warnick and Zeiger.

Excused: Representatives Crouse, Hope, Nealey and Rodne.

ENGROSSED SUBSTITUTE HOUSE BILL NO. 1947, having received the necessary constitutional majority, was declared passed.

SUBSTITUTE HOUSE BILL NO. 1961, by House Committee on Appropriations (originally sponsored by Representatives Pedersen, Rodne, Hudgins, Hunter and Ryu).

Extending the expiration date for judicial stabilization trust account surcharges.

The bill was read the third time.

Representatives Pedersen and Alexander 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 House Bill No. 1961.

ROLL CALL

The Clerk called the roll on the final passage of Substitute House Bill No. 1961, and the bill passed the House by the following vote: Yeas, 87; Nays, 6; Absent, 0; Excused, 4.

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

Voting nay: Representatives Buys, Overstreet, Scott, Shea, Taylor and Warnick.

Excused: Representatives Crouse, Hope, Nealey and Rodne.

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

HOUSE BILL NO. 2042, by Representatives Cody, Hunter and Sullivan.

Modifying the nursing facility medicaid payment system by delaying the rebase of certain rate components and extending certain rate add-ons.

The bill was read the third time.

Representatives Cody and Alexander 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 House Bill No. 2042.

ROLL CALL

The Clerk called the roll on the final passage of House Bill No. 2042, and the bill passed the House by the following vote: Yeas, 84; Nays, 9; Absent, 0; Excused, 4.

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

Voting nay: Representatives Holy, MacEwen, Orcutt, Overstreet, Parker, Pike, Scott, Shea and Taylor.

Excused: Representatives Crouse, Hope, Nealey and Rodne.

HOUSE BILL NO. 2042, having received the necessary constitutional majority, was declared passed.

There being no objection, the rules were suspended, and ENGROSSED SUBSTITUTE HOUSE BILL NO. 2016 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

ENGROSSED SUBSTITUTE HOUSE BILL NO. 2016, by House Committee on Appropriations (originally sponsored by Representatives Jinkins, Hunter and Alexander)

Concerning a hospital safety net assessment.

The bill was read the second time.

Representative Jinkins moved the adoption of amendment (500).

On page 3, line 22, after "rule." insert "For purposes of this chapter, any hospital shall continue to be treated as a certified public expenditure hospital for assessment and payment purposes through the date specified in RCW 74.60.901."

On page 13, line 36, after "assessment" insert ". Each quarterly assessment shall be one quarter"

On page 14, line 3, after "assessment" insert "of one quarter"

On page 14, line 4, after "assessment" insert "of one quarter"

On page 14, line 6, after "assessment" insert "of one quarter"

On page 14, line 9, after "assessment" insert "of one quarter"

On page 22, line 3, after "medicaid" insert "and state children's health insurance program"

On page 23, line 1, after "medicaid" insert "and state children's health insurance program"

On page 29, line 22, after "2013." insert "Subsequent payments shall be made quarterly."

On page 30, line 3, after "74.60.050," insert the following:

"Further, in the event a managed care organization is legally obligated to repay amounts distributed to hospitals under this section to the state or federal government, a managed care organization may recoup the amount it is obligated to repay under the medicaid program from individual hospitals by not more than the amount of overpayment each hospital received from that managed care organization."

On page 30, beginning on line 27, after "provisions" strike all material through "hospitals" on line 32

On page 35, line 25, after "levels," strike "as specified in this chapter" and insert "which results from the elimination of assessment supported rate restorations and increases"

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

Amendment (500) was adopted.

The bill was ordered engrossed.

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

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

Representative DeBolt 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 Substitute House Bill No. 2016.

ROLL CALL

The Clerk called the roll on the final passage of Second Engrossed Substitute House Bill No. 2016, and the bill passed the House by the following vote: Yeas, 71; Nays, 22; Absent, 0; Excused, 4.

Voting yea: Representatives Alexander, Angel, Appleton, Bergquist, Blake, Carlyle, Chandler, Clibborn, Cody, Dunshee, Fagan, Farrell, Fey, Fitzgibbon, Freeman, Goodman, Green, Habib, Haigh, Haler, Hansen, Hudgins, Hunt, Hunter, Jinkins, Johnson, Kagi, Kirby, Klippert, Kretz, Kristiansen, Lias, Lytton, MacEwen, Magendanz, Maxwell, McCoy, Moeller, Morrell, Morris, Moscoso, Ormsby, Orwall, Pedersen, Pettigrew, Pollet, Reykdal, Riccelli, Roberts, Ross, Ryu, Santos, Sawyer, Schmick, Seaquist, Sells, Short, Springer, Stanford, Stonier, Sullivan, Takko,

Tarleton, Tharinger, Upthegrove, Van De Wege, Walsh, Warnick, Wilcox, Wylie and Mr. Speaker.

Voting nay: Representatives Buys, Condotta, Dahlquist, DeBolt, Hargrove, Harris, Hawkins, Hayes, Holy, Hurst, Kochmar, Manweller, Orcutt, Overstreet, Parker, Pike, Scott, Shea, Smith, Taylor, Vick and Zeiger.

Excused: Representatives Crouse, Hope, Nealey and Rodne.

SECOND ENGROSSED SUBSTITUTE HOUSE BILL NO. 2016, having received the necessary constitutional majority, was declared passed.

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

There being no objection, the Committee on Finance was relieved of ENGROSSED HOUSE BILL NO. 2036 and the bill was placed on the second reading calendar.

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

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

INTRODUCTIONS AND FIRST READING

EHB 2068 by Representative Takko

AN ACT Relating to the annexation of unincorporated territory; amending RCW 35A.14.295, 35A.14.480, and 35.13.238; providing an effective date; and declaring an emergency.

Referred to Committee on Governmental Operations.

HB 2070 by Representatives O'Ban, Clibborn and Zeiger

AN ACT Relating to Washington state department of transportation projects; amending RCW 47.01.300; adding a new section to chapter 47.04 RCW; adding new sections to chapter 47.01 RCW; adding a new chapter to Title 47 RCW; creating a new section; and providing a contingent expiration date.

HJM 4003 by Representatives Lytton, Hayes, Ryu, Morris, Freeman, Kristiansen and McCoy

Requesting that the Interstate 5 Skagit River Bridge be named the Trooper No. 1076, Sean M. O'Connell Memorial Bridge.

Referred to Committee on Transportation.

There being no objection, the bills listed on the day's introduction sheet under the fourth order of business were referred to the committees so designated, with the exception of HOUSE BILL NO. 2070 which was held on first reading.

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

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

THIRD READING

ENGROSSED SECOND SUBSTITUTE HOUSE BILL NO. 1971, by House Committee on Appropriations (originally sponsored by Representatives Carlyle and Nealey).

Concerning communications services reform.

The bill was read the third time.

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

The Speaker (Representative Moeller presiding) stated the question before the House to be the final passage of Engrossed Second Substitute House Bill No. 1971.

MOTIONS

On motion of Representative Van De Wege, Representative Morris was excused.

ROLL CALL

The Clerk called the roll on the final passage of Engrossed Second Substitute House Bill No. 1971, and the bill passed the House by the following vote: Yeas, 74; Nays, 18; Absent, 0; Excused, 5.

Voting yea: Representatives Alexander, Appleton, Bergquist, Blake, Carlyle, Chandler, Clibborn, Cody, Dahlquist, DeBolt, Dunshee, Fagan, Farrell, Fey, Fitzgibbon, Freeman, Goodman, Green, Habib, Haigh, Hansen, Holy, Hudgins, Hunt, Hunter, Hurst, Jinkins, Kagi, Kirby, Klippert, Kochmar, Kretz, Liias, Lytton, MacEwen, Magendanz, Manweller, Maxwell, McCoy, Moeller, Morrell, Moscoso, Orcutt, Ormsby, Orwall, Pedersen, Pettigrew, Pollet, Reykdal, Riccelli, Roberts, Ryu, Santos, Sawyer, Schmick, Seaquist, Sells, Short, Smith, Springer, Stanford, Sullivan, Takko, Tarleton, Tharinger, Upthegrove, Van De Wege, Vick, Walsh, Warnick, Wilcox, Wylie, Zeiger and Mr. Speaker.

Voting nay: Representatives Angel, Buys, Condotta, Haler, Hargrove, Harris, Hawkins, Hayes, Johnson, Kristiansen, Overstreet, Parker, Pike, Ross, Scott, Shea, Stonier and Taylor.

Excused: Representatives Crouse, Hope, Morris, Nealey and Rodne.

ENGROSSED SECOND SUBSTITUTE HOUSE BILL NO. 1971, having received the necessary constitutional majority, was declared passed.

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

SECOND READING

ENGROSSED HOUSE BILL NO. 2036, by Representatives Carlyle, Hunter, Ormsby, Tharinger, Reykdal and Pollet

Investing in the education legacy trust account for K-12 basic education and higher education by narrowing or eliminating tax preferences.

The bill was read the second time.

Representative Carlyle moved the adoption of amendment (508).

Strike everything after the enacting clause and insert the following:

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

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

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

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

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

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

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

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

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

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

((c) In lieu of furnishing proof of a person's nonresident status under (b) of this subsection (3), a person claiming exemption from retail sales tax under the provisions of this section may provide the

seller with an exemption certificate in compliance with subsection (4)(b) of this section.)

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

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

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

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

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

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

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

(ii) Beginning January 1, 2015, a person may request a remittance from the department during any calendar year for state and local sales taxes paid by the person on qualified retail purchases made in Washington during the immediately preceding calendar year only. No application may be made with respect to purchases made before the immediately preceding calendar year.

(b) The remittance request, including proof of nonresident status and any other documentation and information required by the department, must be provided in a form and manner as prescribed by the department. Only one remittance request may be made by a person per calendar year.

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

(d) The department will examine the applicant's proof of

nonresident status and any other documentation and information as required in the application to determine whether the applicant is entitled to a remittance under this section.

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

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

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

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

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

(1) By the last workday of the second and fourth calendar quarters, the state treasurer must transfer the amount specified in subsection (2) of this section from the general fund to the education legacy trust account. The first transfer under this subsection (1) must occur by December 31, 2013.

(2) By December 15th and by June 15th of each year, the department must estimate the increase in state general fund revenues from the changes made under section 1 of this act for the current and prior calendar quarters and notify the state treasurer of the increase.

NEW SECTION. Sec. 3. A new section is added to chapter 43.135 RCW to read as follows:

RCW 43.135.034(4) does not apply to the transfers under section 2 of this act.

NEW SECTION. Sec. 4. A new section is added to chapter 39.42 RCW to read as follows:

The purpose of narrowing the tax preference in section 1 of this act is to support education-related expenditures from the education legacy trust account. For this reason, general state revenues transferred to the education legacy trust account under section 2 of this act are excluded from the calculation of general state revenues for purposes of Article VIII, section 1 of the state Constitution and RCW 39.42.130 and 39.42.140.

Sec. 5. RCW 82.14.050 and 2012 1st sp.s. c 9 s 1 are each amended to read as follows:

(1) The counties, cities, and transportation authorities under RCW 82.14.045, public facilities districts under chapters 36.100 and 35.57 RCW, public transportation benefit areas under RCW 82.14.440, regional transportation investment districts, and transportation benefit districts under chapter 36.73 RCW must contract, prior to the

effective date of a resolution or ordinance imposing a sales and use tax, the administration and collection to the state department of revenue, which must deduct a percentage amount, as provided by contract, not to exceed two percent of the taxes collected for administration and collection expenses incurred by the department. The remainder of any portion of any tax authorized by this chapter that is collected by the department of revenue must be deposited by the state department of revenue in the local sales and use tax account hereby created in the state treasury. Beginning January 1, 2013, the department of revenue must make deposits in the local sales and use tax account on a monthly basis on the last business day of the month in which distributions required in (a) of this subsection are due. Moneys in the local sales and use tax account may be withdrawn only for:

(a) Distribution to counties, cities, transportation authorities, public facilities districts, public transportation benefit areas, regional transportation investment districts, and transportation benefit districts imposing a sales and use tax; and

(b) Making refunds of taxes imposed under the authority of this chapter and RCW 81.104.170 and exempted under RCW 82.08.273, 82.08.962 (~~and~~), or 82.12.962.

(2) All administrative provisions in chapters 82.03, 82.08, 82.12, and 82.32 RCW, as they now exist or may hereafter be amended, insofar as they are applicable to state sales and use taxes, are applicable to taxes imposed pursuant to this chapter.

(3) Counties, cities, transportation authorities, public facilities districts, and regional transportation investment districts may not conduct independent sales or use tax audits of sellers registered under the streamlined sales tax agreement.

(4) Except as provided in RCW 43.08.190 and subsection (5) of this section, all earnings of investments of balances in the local sales and use tax account must be credited to the local sales and use tax account and distributed to the counties, cities, transportation authorities, public facilities districts, public transportation benefit areas, regional transportation investment districts, and transportation benefit districts monthly.

(5) Beginning January 1, 2013, the state treasurer must determine the amount of earnings on investments that would have been credited to the local sales and use tax account if the collections had been deposited in the account over the prior month. When distributions are made under subsection (1)(a) of this section, the state treasurer must transfer this amount from the state general fund to the local sales and use tax account and must distribute such sums to the counties, cities, transportation authorities, public facilities districts, public transportation benefit areas, regional transportation investment districts, and transportation benefit districts.

Sec. 6. RCW 82.14.060 and 2009 c 469 s 108 are each amended to read as follows:

(1)(a) Monthly, the state treasurer must distribute from the local sales and use tax account to the counties, cities, transportation authorities, public facilities districts, and transportation benefit districts the amount of tax collected on behalf of each taxing authority, less:

(i) The deduction provided for in RCW 82.14.050; and

(ii) The amount of any refunds of local sales and use taxes exempted under RCW 82.08.273, 82.08.962 (~~and~~), or 82.12.962, which must be made without appropriation.

(b) The state treasurer shall make the distribution under this section without appropriation.

(2) In the event that any ordinance or resolution imposes a sales and use tax at a rate in excess of the applicable limits contained herein, such ordinance or resolution shall not be considered void in toto, but only with respect to that portion of the rate which is in excess of the applicable limits contained herein.

NEW SECTION. Sec. 7. 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 August 1, 2013."

Correct the title.

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

Amendment (508) was adopted.

The bill was ordered engrossed.

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

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

Representative Orcutt spoke against the passage of the bill.

MOTIONS

On motion of Representative Holy, Representatives Dahlquist, DeBolt, Harris and Schmick were excused. On motion of Representative Van De Wege, Representative Freeman was excused.

The Speaker (Representative Moeller presiding) stated the question before the House to be the final passage of Engrossed House Bill No. 2036.

ROLL CALL

The Clerk called the roll on the final passage of Engrossed House Bill No. 2036, and the bill passed the House by the following vote: Yeas, 52; Nays, 35; Absent, 0; Excused, 10.

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

Voting nay: Representatives Alexander, Angel, Buys, Chandler, Condotta, Fagan, Haler, Hargrove, Hawkins, Hayes, Holy, Hurst, Johnson, Klippert, Kochmar, Kretz, Kristiansen, MacEwen, Manweller, Orcutt, Overstreet, Parker, Pike, Ross, Scott, Shea, Short, Smith, Stonier, Taylor, Vick, Walsh, Warnick, Wilcox and Zeiger.

Excused: Representatives Crouse, Dahlquist, DeBolt, Freeman, Harris, Hope, Morris, Nealey, Rodne and Schmick.

ENGROSSED HOUSE BILL NO. 2036, having received the necessary constitutional majority, was declared passed.

HOUSE BILL NO. 2068, by Representative Takko

Concerning the annexation of unincorporated territory within a code city. (REVISED FOR PASSED LEGISLATURE: Concerning annexation of unincorporated territory within a city or town.)

The bill was read the second time.

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

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

Representative Taylor 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. 2068.

ROLL CALL

The Clerk called the roll on the final passage of House Bill No. 2068, and the bill passed the House by the following vote: Yeas, 79; Nays, 9; Absent, 0; Excused, 9.

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

Voting nay: Representatives Chandler, Condotta, Kretz, Liias, Orcutt, Overstreet, Scott, Shea and Taylor.

Excused: Representatives Crouse, Dahlquist, DeBolt, Harris, Hope, Morris, Nealey, Rodne and Schmick.

HOUSE BILL NO. 2068, having received the necessary constitutional majority, was declared passed.

HOUSE BILL NO. 2069, by Representatives Hunter and Sullivan

Concerning continuation of safety net benefits for persons with a physical or mental disability which makes them eligible for certain social services programs.

The bill was read the second time.

There being no objection, Substitute House Bill No. 2069 was substituted for House Bill No. 2069 and the substitute bill was placed on the second reading calendar.

SUBSTITUTE HOUSE BILL NO. 2069 was read the second time.

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

Representatives Hunter and Alexander 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 House Bill No. 2069.

ROLL CALL

The Clerk called the roll on the final passage of Substitute House Bill No. 2069, and the bill passed the House by the following vote: Yeas, 83; Nays, 5; Absent, 0; Excused, 9.

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

Voting nay: Representatives Condotta, Overstreet, Scott, Shea and Taylor.

Excused: Representatives Crouse, Dahlquist, DeBolt, Harris, Hope, Morris, Nealey, Rodne and Schmick.

SUBSTITUTE HOUSE BILL NO. 2069, having received the necessary constitutional majority, was declared passed.

HOUSE BILL NO. 1057, by Representative Hunter

Making 2013-2015 operating appropriations. Revised for 1st Substitute: Making omnibus operating appropriations.

The bill was read the second time.

There being no objection, Substitute House Bill No. 1057 was substituted for House Bill No. 1057 and the substitute bill was placed on the second reading calendar.

SUBSTITUTE HOUSE BILL NO. 1057 was read the second time.

Representative Hunter moved the adoption of amendment (503).

On page 14, line 25, increase the general fund--state appropriation for fiscal year 2014 by \$353,000

On page 14, line 26, increase the general fund--state appropriation for fiscal year 2015 by \$353,000

On page 15, line 1, correct the total.

On page 16, after line 32, insert the following:

"(11) \$353,000 of the general fund--state appropriation for fiscal year 2014 and \$353,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for a grant to the Washington coalition of crime victim advocates to provide training, certification, and technical assistance for crime victim service center advocates."

On page 17, line 2, decrease the state general fund--state appropriation for fiscal year 2014 by \$353,000

On page 17, line 3, decrease the general fund--state appropriation for fiscal year 2015 by \$353,000

On page 17, line 30, correct the total.

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

Amendment (503) was adopted.

Representative Hunter moved the adoption of amendment (518).

On page 27, line 34, after "subsection" strike "(2)(a)(i)" and insert "(c)(i)(A)"

On page 91, line 3, increase the general fund-state appropriation for fiscal year 2014 by \$146,000

On page 91, line 4, increase the general fund-state appropriation for fiscal year 2015 by \$145,000

On page 91, line 31, correct the total.

On page 122, line 5, decrease the general fund--state appropriation for fiscal year 2014 by \$50,000

On page 182, line 25, decrease the general fund--state appropriation for fiscal year 2015 by \$27,000

On page 181, line 29, after "section" strike "952" and insert "953"

On page 182, line 31, correct the total.

On page 197, line 1, after "programs" strike "and capital facilities"

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

Amendment (518) was adopted.

Representative Hansen moved the adoption of amendment (501).

On page 126, beginning on line 17, strike all material through "lapse" on line 19 and insert "competitive grants to school districts to increase the capacity of high schools to offer AP computer science courses. In making grant allocations, the office of the superintendent of public instruction must give priority to schools and districts in rural areas, with substantial enrollment of low-income students, and that do not offer AP computer science. School districts may apply to receive either or both of the following grants:

(i) A grant to establish partnerships to support computer science professionals from private industry serving on a voluntary basis as coinstructors along with a certificated teacher, including via synchronous video, for AP computer science courses; or

(ii) A grant to purchase or upgrade technology and curriculum needed for AP computer science, as well as provide opportunities for professional development for classroom teachers to have the requisite knowledge and skills to teach AP computer science."

Representatives Hansen and Magendanz spoke in favor of the adoption of the amendment.

Amendment (501) was adopted.

Representative Hunter moved the adoption of amendment (517).

On page 140, line 1, after "exceed" strike "15" and insert "~~(15)~~ ten"

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

Amendment (517) was adopted.

Representative Hunter moved the adoption of amendment (520).

On page 152, line 18, increase the general fund--state appropriation for fiscal year 2014 by \$109,000

On page 152, line 19, increase the general fund--state appropriation for fiscal year 2015 by \$99,000

On page 152, line 23, correct the total.

On page 159, after line 2, insert the following:

"(22) \$109,000 of the general fund--state appropriation for fiscal year 2014 and \$99,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for the office of the superintendent of public instruction to implement a youth dropout prevention program that incorporates partnerships between community- based organizations, schools, food banks and farms or gardens. The office of the superintendent of public instruction shall select one school district that must partner with an organization that is operating an existing similar program and that also has the ability to serve at least 40 students. Of the amount appropriated in this subsection, up to \$10,000 may be used by the office of the superintendent of public instruction for administration of the program."

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

Amendment (520) was adopted.

Representative Haigh moved the adoption of amendment (513).

On page 161, after line 20, insert the following:

"NEW SECTION. Sec. 516. FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION--FOR GENERAL APPORTIONMENT--ALTERNATIVE LEARNING EXPERIENCE

General Fund--State Appropriation (FY 2014) \$13,283,000

General Fund--State Appropriation (FY 2015) \$3,321,000

TOTAL APPROPRIATION \$16,604,000

The appropriations in this section are subject to the following conditions and limitations: The entire appropriation in this section is provided solely to fund the full basic education allocation for full-time equivalent students enrolled in alternative learning experience programs."

Re-number remaining sections consecutively and correct internal references.

Correct the title.

Representatives Haigh, Alexander and Haigh (again) spoke in favor of the adoption of the amendment.

Amendment (513) was adopted.

Representative Hunter moved the adoption of amendment (509).

On page 179, line 35, decrease the general fund--state appropriation for FY 2014 by \$21,800,000

On page 179, line 36, decrease the general fund--state appropriation for FY 2015 by \$29,100,000

On page 180, line 3, increase the education legacy trust account--state appropriation by \$47,900,000

On page 180, line 5, increase the Washington opportunity pathways account--state appropriation by \$3,000,000

On page 180, line 9, strike "\$246,550,000" and insert "\$224,750,000"

On page 180, line 10, strike "\$256,390,000" and insert "\$227,290,000"

On page 180, line 11, after "appropriation," insert "\$47,900,000 of the education legacy trust account--state appropriation,"

On page 180, line 11, after "and" strike "\$147,000,000" and insert "\$150,000,000"

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

Amendment (509) was adopted.

Representative Hunter moved the adoption of amendment (512).

On page 181, line 22, after "(6)" strike "\$38,677,000" and insert "\$18,677,000"

On page 181, line 23, after "appropriation" strike "is" and insert ", and \$20,000,000 of the Washington opportunity pathways account--state are"

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

Amendment (512) was adopted.

Representative Maxwell moved the adoption of amendment (511).

On page 196, line 28, after "designee;" strike "and"

On page 196, line 30, after "board," insert "state board of education,"

On page 196, line 31, after "education" insert "; and (v) One member appointed by the governor"

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

Amendment (511) was adopted.

Representative Hunter moved the adoption of amendment (519).

On page 203, line 12, decrease the transfer amount for fiscal year 2014 by \$500,000

On page 203, line 13, correct the total.

On page 203, after line 21, insert the following:

"Professional Engineers' Account: For transfer to the state general fund, \$957,000 for fiscal year 2014 and \$956,000 for fiscal year 2015 \$1,913,000
 Electrical License Account: For transfer to the state general fund, \$1,700,000 for fiscal year 2014 and \$1,700,000 for fiscal year 2015 \$3,400,000
 Business and Professions Account: For transfer to the state general fund, \$1,838,000 for fiscal year 2014 and \$1,800,000 for fiscal year 2015 \$3,638,000"

On page 225, after line 11, insert the following:

"**Sec. 950.** RCW 18.43.150 and 1991 c 277 s 2 are each amended to read as follows:

All fees collected under the provisions of RCW 18.43.050, 18.43.060, 18.43.080, 18.43.100, and 18.43.130 and fines collected under RCW 18.43.110 shall be paid into the professional engineers' account, which account is hereby established in the state treasury to be used to carry out the purposes and provisions of RCW 18.43.050, 18.43.060, 18.43.080, 18.43.100, 18.43.110, 18.43.120, 18.43.130, *18.43.140 and all other duties required for operation and enforcement of this chapter. During the 2013-2015 fiscal biennium, the legislature may transfer from the professional engineers' account to the state general fund such amounts as reflect the excess fund balance of the account.

Sec. 951. RCW 19.28.351 and 2003 1st sp.s. c 25 s 910 are each amended to read as follows:

All sums received from licenses, permit fees, or other sources, herein shall be paid to the state treasurer and placed in a special fund designated as the "electrical license fund," and paid out upon

vouchers duly and regularly issued therefor and approved by the director of labor and industries or the director's designee following determination by the board that the sums are necessary to accomplish the intent of chapter 19.28 RCW. The treasurer shall keep an accurate record of payments into, or receipts of, the fund, and of all disbursements therefrom.

During the (~~2003-2005~~)2013-2015 biennium, the legislature may transfer moneys from the electrical license fund to the state general fund such amounts as reflect the excess fund balance of the fund."

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

Correct the title.

On page 242, after line 32, insert the following:

"**Sec. 966.** RCW 43.24.150 and 2013 c 322 s 30 are each amended to read as follows:

(1) The business and professions account is created in the state treasury. All receipts from business or professional licenses, registrations, certifications, renewals, examinations, or civil penalties assessed and collected by the department from the following chapters must be deposited into the account:

- (a) Chapter 18.11 RCW, auctioneers;
- (b) Chapter 18.16 RCW, cosmetologists, barbers, and manicurists;
- (c) Chapter 18.145 RCW, court reporters;
- (d) Chapter 18.165 RCW, private investigators;
- (e) Chapter 18.170 RCW, security guards;
- (f) Chapter 18.185 RCW, bail bond agents;
- (g) Chapter 18.280 RCW, home inspectors;
- (h) Chapter 19.16 RCW, collection agencies;
- (i) Chapter 19.31 RCW, employment agencies;
- (j) Chapter 19.105 RCW, camping resorts;
- (k) Chapter 19.138 RCW, sellers of travel;
- (l) Chapter 42.44 RCW, notaries public;
- (m) Chapter 64.36 RCW, timeshares;
- (n) Chapter 67.08 RCW, boxing, martial arts, and wrestling;
- (o) Chapter 18.300 RCW, body art, body piercing, and tattooing;
- (p) Chapter 79A.60 RCW, whitewater river outfitters;
- (q) Chapter 19.158 RCW, commercial telephone solicitation; and
- (r) Chapter 19.290 RCW, scrap metal businesses.

Moneys in the account may be spent only after appropriation. Expenditures from the account may be used only for expenses incurred in carrying out these business and professions licensing activities of the department. Any residue in the account must be accumulated and may not revert to the general fund at the end of the biennium. During the 2013-2015 fiscal biennium, the legislature may transfer from the business and professions account to the state general fund such amounts as reflect the excess fund balance of the account.

(2) The director must biennially prepare a budget request based on the anticipated costs of administering the business and professions licensing activities listed in subsection (1) of this section, which must include the estimated income from these business and professions fees."

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

Correct the title.

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

Amendment (519) was adopted.

With the consent of the house, amendments 502 and 504 were withdrawn.

The bill was ordered engrossed.

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

Representatives Hunter, Santos and Carlyle spoke in favor of the passage of the bill.

Representatives Alexander, Manweller, Magendanz, Angel and Walsh spoke against the passage of the bill.

The Speaker (Representative Moeller presiding) stated the question before the House to be the final passage of Engrossed Substitute House Bill No. 1057.

ROLL CALL

The Clerk called the roll on the final passage of Engrossed Substitute House Bill No. 1057, and the bill passed the House by the following vote: Yeas, 53; Nays, 35; Absent, 0; Excused, 9.

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

Voting nay: Representatives Alexander, Angel, Buys, Chandler, Condotta, Fagan, Haler, Hargrove, Hawkins, Hayes, Holy, Johnson, Klippert, Kochmar, Kretz, Kristiansen, MacEwen, Magendanz, Manweller, Orcutt, Overstreet, Parker, Pike, Ross,

Scott, Shea, Short, Smith, Stonier, Taylor, Vick, Walsh, Warnick, Wilcox and Zeiger.

Excused: Representatives Crouse, Dahlquist, DeBolt, Harris, Hope, Morris, Nealey, Rodne and Schmick.

ENGROSSED SUBSTITUTE HOUSE BILL NO. 1057, having received the necessary constitutional majority, was declared passed.

There being no objection, House Rule 13 (C) was suspended allowing the House to work past 10:00 p.m.

SECOND READING

HOUSE BILL NO. 2034, by Representatives Ormsby and Reykdal

Relating to funding K-12 basic education and higher education by narrowing or eliminating tax preferences. Revised for 1st Substitute: Funding K-12 basic education and higher education by narrowing or eliminating tax preferences.

The bill was read the second time.

There being no objection, Substitute House Bill No. 2034 was substituted for House Bill No. 2034 and the substitute bill was placed on the second reading calendar.

SUBSTITUTE HOUSE BILL NO. 2034 was read the second time.

Representative Sullivan moved the adoption of amendment (521). *Format changed to accommodate text.*

Strike everything after the enacting clause and insert the following:

"Part I

Narrowing or Eliminating Tax Preferences to Fund K-12 Basic Education and Higher Education

Sec. 101. RCW 82.04.260 and 2012 2nd sp.s. c 6 s 602 and 2012 2nd sp.s. c 6 s 204 are each reenacted and amended to read as follows:

(1) Upon every person engaging within this state in the business of manufacturing:

(a) Wheat into flour, barley into pearl barley, soybeans into soybean oil, canola into canola oil, canola meal, or canola by-products, or sunflower seeds into sunflower oil; as to such persons the amount of tax with respect to such business is equal to the value of the flour, pearl barley, oil, canola meal, or canola by-product manufactured, multiplied by the rate of 0.138 percent;

(b) Beginning July 1, 2015, seafood products that remain in a raw, raw frozen, or raw salted state at the completion of the manufacturing by that person; or selling manufactured seafood products that remain in a raw, raw frozen, or raw salted state at the completion of the manufacturing, to purchasers who transport in the ordinary course of business the goods out of this state; as to such persons the amount of tax with respect to such business is equal to the value of the products manufactured or the gross proceeds derived from such sales, multiplied by the rate of 0.138 percent. Sellers must keep and preserve records for the period required by RCW 82.32.070 establishing that the goods were transported by the purchaser in the ordinary course of business out of this state;

(c) Beginning July 1, 2015, dairy products that as of September 20, 2001, are identified in 21 C.F.R., chapter 1, parts 131, 133, and 135, including by-products from the manufacturing of the dairy products such as whey and casein; or selling the same to purchasers who transport in the ordinary course of business the goods out of state; as to such persons the tax imposed is equal to the value of the products manufactured or the gross proceeds derived from such sales multiplied by the rate of 0.138 percent. Sellers must keep and preserve records for the period required by RCW 82.32.070 establishing that the goods were transported by the purchaser in the ordinary course of business out of this state;

(d) Beginning July 1, 2015, fruits or vegetables by canning, preserving, freezing, processing, or dehydrating fresh fruits or vegetables, or selling at wholesale fruits or vegetables manufactured by the seller by canning, preserving, freezing, processing, or dehydrating fresh fruits or vegetables and sold to purchasers who transport in the ordinary course of business the goods out of this state; as to such persons the amount of tax with respect to such business is equal to the value of the products manufactured or the gross proceeds derived from such sales multiplied by the rate of 0.138 percent. Sellers must keep and preserve records for the period required by RCW 82.32.070 establishing that the goods were transported by the purchaser in the ordinary course of business out of this state;

(e) Until July 1, 2009, alcohol fuel, biodiesel fuel, or biodiesel feedstock, as those terms are defined in RCW 82.29A.135; as to such persons the amount of tax with respect to the business is equal to the value of alcohol fuel, biodiesel fuel, or biodiesel feedstock manufactured, multiplied by the rate of 0.138 percent; and

(f) Wood biomass fuel as defined in RCW 82.29A.135; as to such persons the amount of tax with respect to the business is equal to the value of wood biomass fuel manufactured, multiplied by the rate of 0.138 percent.

(2) Upon every person engaging within this state in the business of splitting or processing dried peas; as to such persons the amount of tax with respect to such business is equal to the value of the peas split or processed, multiplied by the rate of 0.138 percent.

(3) Upon every nonprofit corporation and nonprofit association engaging within this state in research and development, as to such corporations and associations, the amount of tax with respect to such activities is equal to the gross income derived from such activities multiplied by the rate of 0.484 percent.

(4) Upon every person engaging within this state in the business of slaughtering, breaking and/or processing perishable meat products and/or selling the same at wholesale only and not at retail; as to such persons the tax imposed is equal to the gross proceeds derived from such sales multiplied by the rate of 0.138 percent.

(5) ((Upon every person engaging within this state in the business of acting as a travel agent or tour operator; as to such persons the amount of the tax with respect to such activities is equal to the gross income derived from such activities multiplied by the rate of 0.275 percent.

(6)) Upon every person engaging within this state in business as an international steamship agent, international customs house broker, international freight forwarder, vessel and/or cargo charter broker in foreign commerce, and/or international air cargo agent; as to such persons the amount of the tax with respect to only international activities is equal to the gross income derived from such activities multiplied by the rate of 0.275 percent.

((~~(7)~~)) (6) Upon every person engaging within this state in the business of stevedoring and associated activities pertinent to the movement of goods and commodities in waterborne interstate or foreign commerce; as to such persons the amount of tax with respect to such business is equal to the gross proceeds derived from such activities multiplied by the rate of 0.275 percent. Persons subject to taxation under this subsection are exempt from payment of taxes imposed by chapter 82.16 RCW for that portion of their business subject to taxation under this subsection. Stevedoring and associated activities pertinent to the conduct of goods and commodities in waterborne interstate or foreign commerce are defined as all activities of a labor, service or transportation nature whereby cargo may be loaded or unloaded to or from vessels or barges, passing over, onto or under a wharf, pier, or similar structure; cargo may be moved to a warehouse or similar holding or storage yard or area to await further movement in import or export or may move to a consolidation freight station and be stuffed, unstuffed, containerized, separated or otherwise segregated or aggregated for delivery or loaded on any mode of transportation for delivery to its consignee. Specific activities included in this definition are: Wharfage, handling, loading, unloading, moving of cargo to a convenient place of delivery to the consignee or a convenient place for further movement to export mode; documentation services in connection with the receipt, delivery, checking, care, custody and control of cargo required in the transfer of cargo; imported automobile handling prior to delivery to consignee; terminal stevedoring and incidental vessel services, including but not limited to plugging and unplugging refrigerator service to containers, trailers, and other refrigerated cargo receptacles, and securing ship hatch covers.

~~((8))~~ (7)(a) Upon every person engaging within this state in the business of disposing of low-level waste, as defined in RCW 43.145.010; as to such persons the amount of the tax with respect to such business is equal to the gross income of the business, excluding any fees imposed under chapter 43.200 RCW, multiplied by the rate of 3.3 percent.

(b) If the gross income of the taxpayer is attributable to activities both within and without this state, the gross income attributable to this state must be determined in accordance with the methods of apportionment required under RCW 82.04.460.

~~((9))~~ (8) Upon every person engaging within this state as an insurance producer or title insurance agent licensed under chapter 48.17 RCW or a surplus line broker licensed under chapter 48.15 RCW; as to such persons, the amount of the tax with respect to such licensed activities is equal to the gross income of such business multiplied by the rate of 0.484 percent.

~~((10))~~ (9) Upon every person engaging within this state in business as a hospital, as defined in chapter 70.41 RCW, that is operated as a nonprofit corporation or by the state or any of its political subdivisions, as to such persons, the amount of tax with respect to such activities is equal to the gross income of the business multiplied by the rate of 0.75 percent through June 30, 1995, and 1.5 percent thereafter.

~~((11))~~ (10)(a) Beginning October 1, 2005, upon every person engaging within this state in the business of manufacturing commercial airplanes, or components of such airplanes, or making sales, at retail or wholesale, of commercial airplanes or components of such airplanes, manufactured by the seller, as to such persons the amount of tax with respect to such business is, in the case of manufacturers, equal to the value of the product manufactured and the gross proceeds of sales of the product manufactured, or in the case of processors for hire, equal to the gross income of the business, multiplied by the rate of:

(i) 0.4235 percent from October 1, 2005, through June 30, 2007; and

(ii) 0.2904 percent beginning July 1, 2007.

(b) Beginning July 1, 2008, upon every person who is not eligible to report under the provisions of (a) of this subsection ~~((11))~~ (10) and is engaging within this state in the business of manufacturing tooling specifically designed for use in manufacturing commercial airplanes or components of such airplanes, or making sales, at retail or wholesale, of such tooling manufactured by the seller, as to such persons the amount of tax with respect to such business is, in the case of manufacturers, equal to the value of the product manufactured and the gross proceeds of sales of the product manufactured, or in the case of processors for hire, be equal to the gross income of the business, multiplied by the rate of 0.2904 percent.

(c) For the purposes of this subsection ~~((11))~~ (10), "commercial airplane" and "component" have the same meanings as provided in RCW 82.32.550.

(d) In addition to all other requirements under this title, a person reporting under the tax rate provided in this subsection ~~((11))~~ (10) must file a complete annual report with the department under RCW 82.32.534.

(e) This subsection ~~((11))~~ (10) does not apply on and after July 1, 2024.

~~((12))~~ (11)(a) Until July 1, 2024, upon every person engaging within this state in the business of extracting timber or extracting for hire timber; as to such persons the amount of tax with respect to the business is, in the case of extractors, equal to the value of products, including by-products, extracted, or in the case of extractors for hire, equal to the gross income of the business, multiplied by the rate of 0.4235 percent from July 1, 2006, through June 30, 2007, and 0.2904 percent from July 1, 2007, through June 30, 2024.

(b) Until July 1, 2024, upon every person engaging within this state in the business of manufacturing or processing for hire: (i) Timber into timber products or wood products; or (ii) timber products into other timber products or wood products; as to such persons the amount of the tax with respect to the business is, in the case of manufacturers, equal to the value of products, including by-products, manufactured, or in the case of processors for hire, equal to the gross income of the business, multiplied by the rate of 0.4235 percent from July 1, 2006, through June 30, 2007, and 0.2904 percent from July 1, 2007, through June 30, 2024.

(c) Until July 1, 2024, upon every person engaging within this state in the business of selling at wholesale: (i) Timber extracted by that person; (ii) timber products manufactured by that person from timber or other timber products; or (iii) wood products manufactured by that person from timber or timber products; as to such persons the amount of the tax with respect to the business is equal to the gross proceeds of sales of the timber, timber products, or wood products multiplied by the rate of 0.4235 percent from July 1, 2006, through June 30, 2007, and 0.2904 percent from July 1, 2007, through June 30, 2024.

(d) Until July 1, 2024, upon every person engaging within this state in the business of selling standing timber; as to such persons the amount of the tax with respect to the business is equal to the gross income of the business multiplied by the rate of 0.2904 percent. For purposes of this subsection ~~((12))~~ (11)(d), "selling standing timber" means the sale of timber apart from the land, where the buyer is required to sever the timber within thirty months from the date of the original contract, regardless of the method of payment for the timber and whether title to the timber transfers before, upon, or after severance.

(e) For purposes of this subsection, the following definitions apply:

(i) "Biocomposite surface products" means surface material products containing, by weight or volume, more than fifty percent recycled paper and that also use nonpetroleum-based phenolic resin as a bonding agent.

(ii) "Paper and paper products" means products made of interwoven cellulosic fibers held together largely by hydrogen bonding. "Paper and paper products" includes newsprint; office, printing, fine, and pressure-sensitive papers; paper napkins, towels, and toilet tissue; kraft bag, construction, and other kraft industrial papers; paperboard, liquid packaging containers, containerboard, corrugated, and solid-fiber containers including linerboard and corrugated medium; and related types of cellulosic products containing primarily, by weight or volume, cellulosic materials. "Paper and paper products" does not include books, newspapers, magazines, periodicals, and other printed publications, advertising materials, calendars, and similar types of printed materials.

(iii) "Recycled paper" means paper and paper products having fifty percent or more of their fiber content that comes from postconsumer waste. For purposes of this subsection ~~((12))~~ (11)(e)(iii), "postconsumer waste" means a finished material that would normally be disposed of as solid waste, having completed its life cycle as a consumer item.

(iv) "Timber" means forest trees, standing or down, on privately or publicly owned land. "Timber" does not include Christmas trees that are cultivated by agricultural methods or short-rotation hardwoods as defined in RCW 84.33.035.

(v) "Timber products" means:

(A) Logs, wood chips, sawdust, wood waste, and similar products obtained wholly from the processing of timber, short-rotation hardwoods as defined in RCW 84.33.035, or both;

(B) Pulp, including market pulp and pulp derived from recovered paper or paper products; and

(C) Recycled paper, but only when used in the manufacture of biocomposite surface products.

(vi) "Wood products" means paper and paper products; dimensional lumber; engineered wood products such as particleboard, oriented strand board, medium density fiberboard, and plywood; wood doors; wood windows; and biocomposite surface products.

(f) Except for small harvesters as defined in RCW 84.33.035, a person reporting under the tax rate provided in this subsection (~~((42))~~) (11) must file a complete annual survey with the department under RCW 82.32.585.

~~((43))~~ (12) Upon every person engaging within this state in inspecting, testing, labeling, and storing canned salmon owned by another person, as to such persons, the amount of tax with respect to such activities is equal to the gross income derived from such activities multiplied by the rate of 0.484 percent.

~~((44))~~ (13)(a) Upon every person engaging within this state in the business of printing a newspaper, publishing a newspaper, or both, the amount of tax on such business is equal to the gross income of the business multiplied by the rate of 0.365 percent through June 30, 2013, and beginning July 1, 2013, multiplied by the rate of 0.35 percent.

(b) A person reporting under the tax rate provided in this subsection (~~((44))~~) (13) must file a complete annual report with the department under RCW 82.32.534.

Sec. 102. RCW 82.04.260 and 2012 2nd sp.s. c 6 s 204 are each amended to read as follows:

(1) Upon every person engaging within this state in the business of manufacturing:

(a) Wheat into flour, barley into pearl barley, soybeans into soybean oil, canola into canola oil, canola meal, or canola by-products, or sunflower seeds into sunflower oil; as to such persons the amount of tax with respect to such business is equal to the value of the flour, pearl barley, oil, canola meal, or canola by-product manufactured, multiplied by the rate of 0.138 percent;

(b) Beginning July 1, 2015, seafood products that remain in a raw, raw frozen, or raw salted state at the completion of the manufacturing by that person; or selling manufactured seafood products that remain in a raw, raw frozen, or raw salted state at the completion of the manufacturing, to purchasers who transport in the ordinary course of business the goods out of this state; as to such persons the amount of tax with respect to such business is equal to the value of the products manufactured or the gross proceeds derived from such sales, multiplied by the rate of 0.138 percent. Sellers must keep and preserve records for the period required by RCW 82.32.070 establishing that the goods were transported by the purchaser in the ordinary course of business out of this state;

(c) Beginning July 1, 2015, dairy products that as of September 20, 2001, are identified in 21 C.F.R., chapter 1, parts 131, 133, and 135, including by-products from the manufacturing of the dairy products such as whey and casein; or selling the same to purchasers who transport in the ordinary course of business the goods out of state; as to such persons the tax imposed is equal to the value of the products manufactured or the gross proceeds derived from such sales multiplied by the rate of 0.138 percent. Sellers must keep and preserve records for the period required by RCW 82.32.070 establishing that the goods were transported by the purchaser in the ordinary course of business out of this state;

(d) Beginning July 1, 2015, fruits or vegetables by canning, preserving, freezing, processing, or dehydrating fresh fruits or vegetables, or selling at wholesale fruits or vegetables manufactured by the seller by canning, preserving, freezing, processing, or dehydrating fresh fruits or vegetables and sold to purchasers who transport in the ordinary course of business the goods out of this state; as to such persons the amount of tax with respect to such business is equal to the value of the products manufactured or the gross proceeds derived from such sales multiplied by the rate of 0.138 percent. Sellers must keep and preserve records for the period required by RCW 82.32.070 establishing that the goods were transported by the purchaser in the ordinary course of business out of this state;

(e) Until July 1, 2009, alcohol fuel, biodiesel fuel, or biodiesel feedstock, as those terms are defined in RCW 82.29A.135; as to such persons the amount of tax with respect to the business is equal to the value of alcohol fuel, biodiesel fuel, or biodiesel feedstock manufactured, multiplied by the rate of 0.138 percent; and

(f) Wood biomass fuel as defined in RCW 82.29A.135; as to such persons the amount of tax with respect to the business is equal to the value of wood biomass fuel manufactured, multiplied by the rate of 0.138 percent.

(2) Upon every person engaging within this state in the business of splitting or processing dried peas; as to such persons the amount of tax with respect to such business is equal to the value of the peas split or processed, multiplied by the rate of 0.138 percent.

(3) Upon every nonprofit corporation and nonprofit association engaging within this state in research and development, as to such corporations and associations, the amount of tax with respect to such activities is equal to the gross income derived from such activities multiplied by the rate of 0.484 percent.

(4) Upon every person engaging within this state in the business of slaughtering, breaking and/or processing perishable meat products and/or selling the same at wholesale only and not at retail; as to such persons the tax imposed is equal to the gross proceeds derived from such sales multiplied by the rate of 0.138 percent.

(5) (Upon every person engaging within this state in the business of acting as a travel agent or tour operator; as to such persons the amount of the tax with respect to such activities is equal to the gross income derived from such activities multiplied by the rate of 0.275 percent.

(6)) Upon every person engaging within this state in business as an international steamship agent, international customs house broker, international freight forwarder, vessel and/or cargo charter broker in foreign commerce, and/or international air cargo agent; as to such persons the amount of the tax with respect to only international activities is equal to the gross income derived from such activities multiplied by the rate of 0.275 percent.

~~((7))~~ (6) Upon every person engaging within this state in the business of stevedoring and associated activities pertinent to the movement of goods and commodities in waterborne interstate or foreign commerce; as to such persons the amount of tax with respect to such business is equal to the gross proceeds derived from such activities multiplied by the rate of 0.275 percent. Persons subject to taxation under this subsection are exempt from payment of taxes imposed by chapter 82.16 RCW for that portion of their business subject to taxation under this subsection. Stevedoring and associated activities pertinent to the conduct of goods and commodities in waterborne interstate or foreign commerce are defined as all activities of a labor, service or transportation nature whereby cargo may be loaded or unloaded to or from vessels or barges, passing over, onto or under a wharf, pier, or similar structure; cargo may be moved to a warehouse or similar holding or storage yard or area to await further movement in import or export or may move to a consolidation freight station and be stuffed, unstuffed, containerized, separated or otherwise segregated or aggregated for delivery or loaded on any mode of transportation for delivery to its consignee. Specific activities included in this definition are: Wharfage, handling, loading, unloading, moving of cargo to a convenient place of delivery to the consignee or a convenient place for further movement to export mode; documentation services in connection with the receipt, delivery, checking, care, custody and control of cargo required in the transfer of cargo; imported automobile handling prior to delivery to consignee; terminal stevedoring and incidental vessel

services, including but not limited to plugging and unplugging refrigerator service to containers, trailers, and other refrigerated cargo receptacles, and securing ship hatch covers.

~~((8))~~ (7)(a) Upon every person engaging within this state in the business of disposing of low-level waste, as defined in RCW 43.145.010; as to such persons the amount of the tax with respect to such business is equal to the gross income of the business, excluding any fees imposed under chapter 43.200 RCW, multiplied by the rate of 3.3 percent.

(b) If the gross income of the taxpayer is attributable to activities both within and without this state, the gross income attributable to this state must be determined in accordance with the methods of apportionment required under RCW 82.04.460.

~~((9))~~ (8) Upon every person engaging within this state as an insurance producer or title insurance agent licensed under chapter 48.17 RCW or a surplus line broker licensed under chapter 48.15 RCW; as to such persons, the amount of the tax with respect to such licensed activities is equal to the gross income of such business multiplied by the rate of 0.484 percent.

~~((10))~~ (9) Upon every person engaging within this state in business as a hospital, as defined in chapter 70.41 RCW, that is operated as a nonprofit corporation or by the state or any of its political subdivisions, as to such persons, the amount of tax with respect to such activities is equal to the gross income of the business multiplied by the rate of 0.75 percent through June 30, 1995, and 1.5 percent thereafter.

~~((11))~~ (10)(a) Beginning October 1, 2005, upon every person engaging within this state in the business of manufacturing commercial airplanes, or components of such airplanes, or making sales, at retail or wholesale, of commercial airplanes or components of such airplanes, manufactured by the seller, as to such persons the amount of tax with respect to such business is, in the case of manufacturers, equal to the value of the product manufactured and the gross proceeds of sales of the product manufactured, or in the case of processors for hire, equal to the gross income of the business, multiplied by the rate of:

(i) 0.4235 percent from October 1, 2005, through June 30, 2007; and

(ii) 0.2904 percent beginning July 1, 2007.

(b) Beginning July 1, 2008, upon every person who is not eligible to report under the provisions of (a) of this subsection ~~((11))~~ (10) and is engaging within this state in the business of manufacturing tooling specifically designed for use in manufacturing commercial airplanes or components of such airplanes, or making sales, at retail or wholesale, of such tooling manufactured by the seller, as to such persons the amount of tax with respect to such business is, in the case of manufacturers, equal to the value of the product manufactured and the gross proceeds of sales of the product manufactured, or in the case of processors for hire, be equal to the gross income of the business, multiplied by the rate of 0.2904 percent.

(c) For the purposes of this subsection ~~((11))~~ (10), "commercial airplane" and "component" have the same meanings as provided in RCW 82.32.550.

(d) In addition to all other requirements under this title, a person reporting under the tax rate provided in this subsection ~~((11))~~ (10) must file a complete annual report with the department under RCW 82.32.534.

(e) This subsection ~~((11))~~ (10) does not apply on and after July 1, 2024.

~~((12))~~ (11)(a) Until July 1, 2024, upon every person engaging within this state in the business of extracting timber or extracting for hire timber; as to such persons the amount of tax with respect to the business is, in the case of extractors, equal to the value of products, including by-products, extracted, or in the case of extractors for hire, equal to the gross income of the business, multiplied by the rate of 0.4235 percent from July 1, 2006, through June 30, 2007, and 0.2904 percent from July 1, 2007, through June 30, 2024.

(b) Until July 1, 2024, upon every person engaging within this state in the business of manufacturing or processing for hire: (i) Timber into timber products or wood products; or (ii) timber products into other timber products or wood products; as to such persons the amount of the tax with respect to the business is, in the case of manufacturers, equal to the value of products, including by-products, manufactured, or in the case of processors for hire, equal to the gross income of the business, multiplied by the rate of 0.4235 percent from July 1, 2006, through June 30, 2007, and 0.2904 percent from July 1, 2007, through June 30, 2024.

(c) Until July 1, 2024, upon every person engaging within this state in the business of selling at wholesale: (i) Timber extracted by that person; (ii) timber products manufactured by that person from timber or other timber products; or (iii) wood products manufactured by that person from timber or timber products; as to such persons the amount of the tax with respect to the business is equal to the gross proceeds of sales of the timber, timber products, or wood products multiplied by the rate of 0.4235 percent from July 1, 2006, through June 30, 2007, and 0.2904 percent from July 1, 2007, through June 30, 2024.

(d) Until July 1, 2024, upon every person engaging within this state in the business of selling standing timber; as to such persons the amount of the tax with respect to the business is equal to the gross income of the business multiplied by the rate of 0.2904 percent. For purposes of this subsection ~~((12))~~ (11)(d), "selling standing timber" means the sale of timber apart from the land, where the buyer is required to sever the timber within thirty months from the date of the original contract, regardless of the method of payment for the timber and whether title to the timber transfers before, upon, or after severance.

(e) For purposes of this subsection, the following definitions apply:

(i) "Biocomposite surface products" means surface material products containing, by weight or volume, more than fifty percent recycled paper and that also use nonpetroleum-based phenolic resin as a bonding agent.

(ii) "Paper and paper products" means products made of interwoven cellulosic fibers held together largely by hydrogen bonding. "Paper and paper products" includes newsprint; office, printing, fine, and pressure-sensitive papers; paper napkins, towels, and toilet tissue; kraft bag, construction, and other kraft industrial papers; paperboard, liquid packaging containers, containerboard, corrugated, and solid-fiber containers including linerboard and corrugated medium; and related types of cellulosic products containing primarily, by weight or volume, cellulosic materials. "Paper and paper products" does not include books, newspapers, magazines, periodicals, and other printed publications, advertising materials, calendars, and similar types of printed materials.

(iii) "Recycled paper" means paper and paper products having fifty percent or more of their fiber content that comes from postconsumer waste. For purposes of this subsection ~~((12))~~ (11)(e)(iii), "postconsumer waste" means a finished material that would normally be disposed of as solid waste, having completed its life cycle as a consumer item.

(iv) "Timber" means forest trees, standing or down, on privately or publicly owned land. "Timber" does not include Christmas trees that are cultivated by agricultural methods or short-rotation hardwoods as defined in RCW 84.33.035.

(v) "Timber products" means:

(A) Logs, wood chips, sawdust, wood waste, and similar products obtained wholly from the processing of timber, short-rotation hardwoods as defined in RCW 84.33.035, or both;

(B) Pulp, including market pulp and pulp derived from recovered paper or paper products; and

(C) Recycled paper, but only when used in the manufacture of biocomposite surface products.

(vi) "Wood products" means paper and paper products; dimensional lumber; engineered wood products such as particleboard, oriented strand board, medium density fiberboard, and plywood; wood doors; wood windows; and biocomposite surface products.

(f) Except for small harvesters as defined in RCW 84.33.035, a person reporting under the tax rate provided in this subsection ~~((12))~~ (11) must file a complete annual survey with the department under RCW 82.32.585.

~~((12))~~ (12) Upon every person engaging within this state in inspecting, testing, labeling, and storing canned salmon owned by another person, as to such persons, the amount of tax with respect to such activities is equal to the gross income derived from such activities multiplied by the rate of 0.484 percent.

~~((13))~~ (13)(a) Upon every person engaging within this state in the business of printing a newspaper, publishing a newspaper, or both, the amount of tax on such business is equal to the gross income of the business multiplied by the rate of 0.2904 percent.

(b) A person reporting under the tax rate provided in this subsection ~~((14))~~ (13) must file a complete annual report with the department under RCW 82.32.534.

Sec. 103. RCW 82.08.0293 and 2011 c 2 s 301 are each amended to read as follows:

(1) The tax levied by RCW 82.08.020 does not apply to sales of food and food ingredients. "Food and food ingredients" means substances, whether in liquid, concentrated, solid, frozen, dried, or dehydrated form, that are sold for ingestion or chewing by humans and are consumed for their taste or nutritional value. "Food and food ingredients" does not include:

(a) "Alcoholic beverages," which means beverages that are suitable for human consumption and contain one-half of one percent or more of alcohol by volume; and

(b) "Tobacco," which means cigarettes, cigars, chewing or pipe tobacco, or any other item that contains tobacco.

(2) The exemption of "food and food ingredients" provided for in subsection (1) of this section does not apply to prepared food, soft drinks, bottled water, or dietary supplements. ~~((For purposes of this subsection, the following definitions apply.))~~ The definitions in this subsection apply throughout this section unless the context clearly requires otherwise.

(a) "Bottled water" means water that is placed in a safety sealed container or package for human consumption. Bottled water is calorie free and does not contain sweeteners or other additives except that it may contain: (i) Antimicrobial agents; (ii) fluoride; (iii) carbonation; (iv) vitamins, minerals, and electrolytes; (v) oxygen; (vi) preservatives; and (vii) only those flavors, extracts, or essences derived from a spice or fruit. "Bottled water" includes water that is delivered to the buyer in a reusable container that is not sold with the water.

(b) "Dietary supplement" means any product, other than tobacco, intended to supplement the diet that:

(i) Contains one or more of the following dietary ingredients:

(A) A vitamin;

(B) A mineral;

(C) An herb or other botanical;

(D) An amino acid;

(E) A dietary substance for use by humans to supplement the diet by increasing the total dietary intake; or

(F) A concentrate, metabolite, constituent, extract, or combination of any ingredient described in this subsection;

(ii) Is intended for ingestion in tablet, capsule, powder, softgel, gelcap, or liquid form, or if not intended for ingestion in such form, is not represented as conventional food and is not represented for use as a sole item of a meal or of the diet; and

(iii) Is required to be labeled as a dietary supplement, identifiable by the "supplement facts" box found on the label as required pursuant to 21 C.F.R. Sec. 101.36, as amended or renumbered as of January 1, 2003.

~~((3))~~ (c)(i) "Prepared food" means:

(A) Food sold in a heated state or heated by the seller;

(B) Food sold with eating utensils provided by the seller, including plates, knives, forks, spoons, glasses, cups, napkins, or straws. A plate does not include a container or packaging used to transport the food; or

(C) Two or more food ingredients mixed or combined by the seller for sale as a single item, except:

(I) Food that is only cut, repackaged, or pasteurized by the seller; or

(II) Raw eggs, fish, meat, poultry, and foods containing these raw animal foods requiring cooking by the consumer as recommended by the federal food and drug administration in chapter 3, part 401.11 of The Food Code, published by the food and drug administration, as amended or renumbered as of January 1, 2003, so as to prevent foodborne illness.

(ii) "Prepared food" does not include the following food or food ingredients, if the food or food ingredients are sold without eating utensils provided by the seller:

(A) Food sold by a seller whose proper primary North American industry classification system (NAICS) classification is manufacturing in sector 311, except subsector 3118 (bakeries), as provided in the "North American industry classification system--United States, 2002";

(B) Food sold in an unheated state by weight or volume as a single item; or

(C) Bakery items. The term "bakery items" includes bread, rolls, buns, biscuits, bagels, croissants, pastries, donuts, Danish, cakes, tortes, pies, tarts, muffins, bars, cookies, or tortillas.

~~((4))~~ (d) "Soft drinks" means nonalcoholic beverages that contain natural or artificial sweeteners. Soft drinks do not include beverages that contain: Milk or milk products; soy, rice, or similar milk substitutes; or greater than fifty percent of vegetable or fruit juice by volume.

(3) Notwithstanding anything in this section to the contrary, the exemption of "food and food ingredients" provided in this section applies to food and food ingredients that are furnished, prepared, or served as meals:

(a) Under a state administered nutrition program for the aged as provided for in the older Americans act (P.L. 95-478 Title III) and RCW 74.38.040(6);

(b) That are provided to senior citizens, individuals with disabilities, or low-income persons by a not-for-profit organization organized under chapter 24.03 or 24.12 RCW; or

(c) That are provided to residents, sixty-two years of age or older, of a qualified low-income senior housing facility by the lessor or operator of the facility. The sale of a meal that is billed to both spouses of a marital community or both domestic partners of a domestic partnership meets the age requirement in this subsection (3)(c) if at least one of the spouses or domestic partners is at least sixty-two years of age. For purposes of this subsection, "qualified low-income senior housing facility" means a facility:

(i) That meets the definition of a qualified low-income housing project under 26 U.S.C. Sec. 42 of the federal internal revenue code, as existing on August 1, 2009;

(ii) That has been partially funded under 42 U.S.C. Sec. 1485; and

(iii) For which the lessor or operator has at any time been entitled to claim a federal income tax credit under 26 U.S.C. Sec. 42 of the federal internal revenue code.

(4)(a) Subsection (1) of this section notwithstanding, the retail sale of food and food ingredients is subject to sales tax under RCW 82.08.020 if the food and food ingredients are sold through a vending machine. Except as provided in (b) of this subsection, the selling price of food and food ingredients sold through a vending machine for purposes of RCW 82.08.020 is fifty-seven percent of the gross receipts.

(b) For soft drinks, bottled water, and hot prepared food and food ingredients, other than food and food ingredients which are heated after they have been dispensed from the vending machine, the selling price is the total gross receipts of such sales divided by the sum of one plus the sales tax rate expressed as a decimal.

(c) For tax collected under this subsection (4), the requirements that the tax be collected from the buyer and that the amount of tax be stated as a separate item are waived.

Sec. 104. RCW 82.12.0293 and 2011 c 2 s 303 are each amended to read as follows:

(1) The provisions of this chapter do not apply in respect to the use of food and food ingredients for human consumption. "Food and food ingredients" has the same meaning as in RCW 82.08.0293.

(2) The exemption of "food and food ingredients" provided for in subsection (1) of this section does not apply to prepared food, soft drinks, bottled water, or dietary supplements. "Prepared food," "soft drinks," "bottled water," and "dietary supplements" have the same meanings as in RCW 82.08.0293.

(3) Notwithstanding anything in this section to the contrary, the exemption of "food and food ingredients" provided in this section applies to food and food ingredients which are furnished, prepared, or served as meals:

(a) Under a state administered nutrition program for the aged as provided for in the older Americans act (P.L. 95-478 Title III) and RCW 74.38.040(6);

(b) Which are provided to senior citizens, individuals with disabilities, or low-income persons by a not-for-profit organization organized under chapter 24.03 or 24.12 RCW; or

(c) That are provided to residents, sixty-two years of age or older, of a qualified low-income senior housing facility by the lessor or operator of the facility. The sale of a meal that is billed to both spouses of a marital community or both domestic partners of a domestic partnership meets the age requirement in this subsection (3)(c) if at least one of the spouses or domestic partners is at least sixty-two years of age. For purposes of this subsection, "qualified low-income senior housing facility" has the same meaning as in RCW 82.08.0293.

NEW SECTION. Sec. 105. A new section is added to chapter 82.08 RCW to read as follows:

(1) Subject to the conditions in this section, the tax levied by RCW 82.08.020 does not apply to sales of bottled water dispensed or to be dispensed to patients, pursuant to a prescription for use in the cure, mitigation, treatment, or prevention of disease or other medical condition.

(2) For purposes of this section, "prescription" means an order, formula, or recipe issued in any form of oral, written, electronic, or other means of transmission by a duly licensed practitioner authorized by the laws of this state to prescribe.

(3) Except for sales of bottled water delivered to the buyer in a reusable container that is not sold with the water, sellers must collect tax on sales subject to this exemption. Any buyer that has paid at least twenty-five dollars in state and local sales taxes on purchases of bottled water subject to this exemption may apply for a refund of the taxes directly from the department in a form and manner prescribed by the department. The department must deny any refund application if the amount of the refund requested is less than twenty-five dollars. No refund may be made for taxes paid more than four years after the end of the calendar year in which the tax was paid to the seller.

(4) The provisions of RCW 82.32.060 apply to refunds authorized under this section.

(5) With respect to sales of bottled water delivered to the buyer in a reusable container that is not sold with the water, buyers claiming the exemption provided in this section must provide the seller with an exemption certificate in a form and manner prescribed by the department. The seller must retain a copy of the certificate for the seller's files.

NEW SECTION. Sec. 106. A new section is added to chapter 82.12 RCW to read as follows:

(1) The provisions of this chapter do not apply in respect to the use of bottled water dispensed or to be dispensed to patients, pursuant to a prescription for use in the cure, mitigation, treatment, or prevention of disease or medical condition.

(2) For the purposes of this section, "prescription" has the same meaning as provided in section 105 of this act.

NEW SECTION. Sec. 107. A new section is added to chapter 82.08 RCW to read as follows:

(1)(a) Subject to the conditions in this section, the tax levied by RCW 82.08.020 does not apply to sales of bottled water to persons whose primary source of drinking water is unsafe.

(b) For purposes of this subsection and section 108 of this act, a person's primary source of drinking water is unsafe if:

(i) The public water system providing the drinking water has issued a public notification that the drinking water may pose a health risk, and the notification is still in effect on the date that the bottled water was purchased;

(ii) Test results on the person's drinking water, which are no more than twelve months old, from a laboratory certified to perform drinking water testing show that the person's drinking water does not meet safe drinking water standards applicable to public water systems; or

(iii) The person otherwise establishes, to the department's satisfaction, that the person's drinking water does not meet safe drinking water standards applicable to public water systems.

(2) Except for sales of bottled water delivered to the buyer in a reusable container that is not sold with the water, sellers must collect tax on sales subject to this exemption. Any buyer that has paid at least twenty-five dollars in state and local sales taxes on purchases of bottled water subject to this exemption may apply for a refund of the taxes directly from the department in a form and manner prescribed by the department. The department must deny any refund application if the amount of the refund requested is less than twenty-five dollars. No refund may be made for taxes paid more than four years after the end of the calendar year in which the tax was paid to the seller.

(3) The provisions of RCW 82.32.060 apply to refunds authorized under this section.

(4)(a) With respect to sales of bottled water delivered to the buyer in a reusable container that is not sold with the water, buyers claiming the exemption provided in this section must provide the seller with an exemption certificate in a form and manner prescribed by the department. The seller must retain a copy of the certificate for the seller's files.

(b) The department may waive the requirement for an exemption certificate in the event of disaster or similar circumstance.

NEW SECTION. Sec. 108. A new section is added to chapter 82.12 RCW to read as follows:

The provisions of this chapter do not apply in respect to the use of bottled water by persons whose primary source of drinking water is unsafe as provided in section 107 of this act.

Sec. 109. RCW 82.04.4452 and 2010 c 114 s 114 are each amended to read as follows:

(1) In computing the tax imposed under this chapter, a credit is allowed for each person whose research and development spending during the year in which the credit is claimed exceeds 0.92 percent of the person's taxable amount during the same calendar year.

(2)(a) The credit is calculated as follows:

~~((a))~~ (i) Determine the greater of the amount of qualified research and development expenditures of a person or eighty percent of amounts received by a person other than a public educational or research institution in compensation for the conduct of qualified research and development;

~~((b))~~ (ii) Subtract 0.92 percent of the person's taxable amount from the amount determined under (a)(i) of this subsection;

~~((c))~~ (iii) Multiply the amount determined under ~~((b))~~ (a)(ii) of this subsection by ~~((the following:~~

(i) For the period June 10, 2004, through December 31, 2006, the person's average tax rate for the calendar year for which the credit is claimed;

(ii) For the calendar year ending December 31, 2007, the greater of the person's average tax rate for that calendar year or 0.75 percent;

(iii) For the calendar year ending December 31, 2008, the greater of the person's average tax rate for that calendar year or 1.0 percent;

(iv) For the calendar year ending December 31, 2009, the greater of the person's average tax rate for that calendar year or 1.25 percent;

(v) For the calendar year ending December 31, 2010, and thereafter,) 1.50 percent.

(b) For purposes of calculating the credit, if a person's reporting period is less than annual, the person may use an estimated average tax rate for the calendar year for which the credit is claimed by using the person's average tax rate for each reporting period. A person who uses an estimated average tax rate must make an adjustment to the total credit claimed for the calendar year using the person's actual average tax rate for the calendar year when the person files its last return for the calendar year for which the credit is claimed.

(3) Any person entitled to the credit provided in subsection (2) of this section as a result of qualified research and development conducted under contract may assign all or any portion of the credit to the person contracting for the performance of the qualified research and development.

(4) The credit, including any credit assigned to a person under subsection (3) of this section, must be claimed against taxes due for the same calendar year in which the qualified research and development expenditures are incurred. The credit, including any credit assigned to a person under subsection (3) of this section, for each calendar year may not exceed the lesser of two million dollars or the amount of tax otherwise due under this chapter for the calendar year.

(5) For any person claiming the credit, including any credit assigned to a person under subsection (3) of this section, whose research and development spending during the calendar year in which the credit is claimed fails to exceed 0.92 percent of the person's taxable amount during the same calendar year or who is otherwise ineligible, the department must declare the taxes against which the credit was claimed to be immediately due and payable. The department must assess interest, but not penalties, on the taxes against which the credit was claimed. Interest must be assessed at the rate provided for delinquent excise taxes under chapter 82.32 RCW, retroactively to the date the credit was claimed, and accrues until the taxes against which the credit was claimed are repaid. Any credit assigned to a person under subsection (3) of this section that is disallowed as a result of this section may be claimed by the person who performed the qualified research and development subject to the limitations set forth in subsection (4) of this section.

(6) A person may not claim a credit under this section if the person reported an annual gross amount, as reported on the state combined excise tax return, of ten million dollars or more in the prior calendar year. Taxpayers disallowed from claiming the credit under this subsection (6) are not required to refund any credit claimed in calendar year 2013 prior to the effective date of this section.

(7) A person claiming the credit provided in this section must file a complete annual survey with the department under RCW 82.32.585.

~~((7) For the purpose of this section))~~ The definitions in this subsection apply throughout this section unless the context clearly requires otherwise.

(8)(a) "Average tax rate" means a person's total tax liability under this chapter for the calendar year for which the credit is claimed divided by the taxpayer's total taxable amount under this chapter for the calendar year for which the credit is claimed.

(b) "Qualified research and development expenditures" means operating expenses, including wages, compensation of a proprietor or a partner in a partnership as determined under rules adopted by the department, benefits, supplies, and computer expenses, directly incurred in qualified research and development by a person claiming the credit provided in this section. The term does not include amounts paid to a person other than a public educational or research institution to conduct qualified research and development. Nor does the term include capital costs and overhead, such as expenses for land, structures, or depreciable property.

(c) "Qualified research and development" ~~((shall have))~~ has the same meaning as provided in RCW 82.63.010.

(d) "Research and development spending" means qualified research and development expenditures plus eighty percent of amounts paid to a person other than a public educational or research institution to conduct qualified research and development.

(e) "Taxable amount" means the taxable amount subject to the tax imposed in this chapter required to be reported on the person's combined excise tax returns for the calendar year for which the credit is claimed, less any taxable amount for which a credit is allowed under RCW 82.04.440.

~~((8))~~ (9) This section expires January 1, 2015.

Sec. 110. RCW 82.63.030 and 2008 c 15 s 4 are each amended to read as follows:

(1) Except as provided in subsection (2) of this section, 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.

(2) No certificate may be issued for an investment project that has already received a deferral under chapter 82.60 RCW or this chapter, except that an investment project for qualified research and development that has already received a deferral may also receive an additional deferral certificate for adapting the investment project for use in pilot scale manufacturing.

(3) The department may not issue a certificate under this section on or after July 1, 2013.

(4) This section (~~shall~~) expires January 1, 2015.

NEW SECTION. Sec. 111. RCW 82.04.272 (Tax on warehousing and reselling prescription drugs) and 2013 c 19 s 127, 2003 c 168 s 401, & 1998 c 343 s 1 are each repealed.

NEW SECTION. Sec. 112. Section 111 of this act applies to taxes due for reporting periods beginning on or after the effective date of section 111 of this act.

Sec. 113. RCW 82.12.0263 and 1980 c 37 s 62 are each amended to read as follows:

The provisions of this chapter (~~shall~~) do not apply in respect to the use of biomass fuel by the extractor or manufacturer thereof when used directly in the operation of the particular extractive operation or manufacturing plant which produced or manufactured the same. For purposes of this section, "biomass fuel" means wood waste and other wood residuals, including forest derived biomass, but does not include firewood or wood pellets. "Biomass fuel" also includes partially organic by-products of pulp, paper, and wood manufacturing processes.

NEW SECTION. Sec. 114. A new section is added to chapter 82.12 RCW to read as follows:

The value of the article used with respect to refinery fuel gas under this chapter is the most recent monthly United States natural gas wellhead price, as published by the federal energy information administration.

Part II

Making Appropriations to Fund K-12 Basic Education and Higher Education

II-A

Higher Education Appropriations

NEW SECTION. Sec. 201. A new section is added to 2013 1st sp.s. c ... (Engrossed Substitute House Bill 1057) (uncodified) to read as follows:

FOR THE UNIVERSITY OF WASHINGTON

(1) The sum of nine million seven hundred and twenty thousand dollars is appropriated for the fiscal biennium ending June 30, 2015, from the education legacy trust account--state to the University of Washington.

(2) The sum of twenty four million eight hundred and sixty eight thousand dollars is appropriated for the fiscal biennium ending June 30, 2015, from the education legacy trust account--state to the University of Washington. The appropriation in this subsection is provided solely for the expansion of computer science and engineering enrollments. The university will work with the education research and data center to establish program baselines and demonstrate enrollment increases. By September 1, 2014, and each September 1st thereafter, the university shall provide a report that provides the specific detail on how these amounts were spent in the preceding fiscal year including but not limited to the cost per student, student completion rates, and the number of low-income students enrolled in each program, any process changes or best-practices implemented by the college, and how many students are enrolled in computer science and engineering programs above the 2012-2013 academic year baseline.

NEW SECTION. Sec. 202. A new section is added to 2013 1st sp.s. c ... (Engrossed Substitute House Bill 1057) (uncodified) to read as follows:

FOR WASHINGTON STATE UNIVERSITY

(1) The sum of five million seven thousand dollars is appropriated for the biennium ending June 30, 2015, from the education legacy trust account--state to Washington State University.

(2) The sum of seventeen million six hundred and twenty eight thousand dollars is appropriated for the fiscal biennium ending June 30, 2015, from the education legacy trust account--state to Washington State University. The appropriation in this subsection is provided solely for the expansion of computer science and engineering enrollments. The university will work with the education research and data center to establish program baselines and demonstrate enrollment increases. By September 1, 2014, and each September 1st thereafter, the university shall provide a report that provides the specific detail on how these amounts were spent in the preceding fiscal year including but not limited to the cost per student, student completion rates, and the number of low-income students enrolled in each program, any process changes or best-practices implemented by the college, and how many students are enrolled in computer science and engineering programs above the 2012-2013 academic year baseline.

NEW SECTION. Sec. 203. A new section is added to 2013 1st sp.s. c ... (Engrossed Substitute House Bill 1057) (uncodified) to read as follows:

FOR WESTERN WASHINGTON UNIVERSITY

(1) The sum of five million and twenty four thousand dollars is appropriated for the fiscal biennium ending June 30, 2015, from the education legacy trust account--state to the Western Washington University.

(2) The sum of four million eight hundred and sixty eight dollars is appropriated for the fiscal biennium ending June 30, 2015, from the education legacy trust account--state to the Western Washington University. The appropriation in this subsection is provided solely for the expansion of computer science and engineering enrollments. The university will work with the education research and data center to establish program baselines and demonstrate enrollment increases. By September 1, 2014, and each September 1st thereafter, the university shall provide a report that provides the specific detail on how these amounts were spent in the preceding fiscal year including but not limited to the cost per student, student completion rates, and the number of low-income students enrolled in each program, any process changes or best-practices

implemented by the college, and how many students are enrolled in computer science and engineering programs above the 2012-2013 academic year baseline.

NEW SECTION. Sec. 204. A new section is added to 2013 1st sp.s. c ... (Engrossed Substitute House Bill 1057) (uncodified) to read as follows:

FOR CENTRAL WASHINGTON UNIVERSITY

The sum of two million and eighteen thousand dollars is appropriated for the fiscal biennium ending June 30, 2015, from the education legacy trust account--state to Central Washington University.

NEW SECTION. Sec. 205. A new section is added to 2013 1st sp.s. c ... (Engrossed Substitute House Bill 1057) (uncodified) to read as follows:

FOR EASTERN WASHINGTON UNIVERSITY

The sum of one million and three hundred and fifteen thousand dollars is appropriated for the fiscal biennium ending June 30, 2015, from the education legacy trust account--state to Eastern Washington University.

NEW SECTION. Sec. 206. A new section is added to 2013 1st sp.s. c ... (Engrossed Substitute House Bill 1057) (uncodified) to read as follows:

FOR THE EVERGREEN STATE COLLEGE

The sum of seven hundred and fifty two thousand dollars is appropriated for the fiscal biennium ending June 30, 2015, from the education legacy trust account--state to The Evergreen State College.

NEW SECTION. Sec. 207. A new section is added to 2013 1st sp.s. c ... (Engrossed Substitute House Bill 1057) (uncodified) to read as follows:

FOR THE STATE BOARD FOR COMMUNITY AND TECHNICAL COLLEGES

The sum of two million five hundred thousand dollars is appropriated for the fiscal biennium ending June 30, 2015, from the education legacy trust account--state to the state board for community and technical colleges. The appropriation in this section is provided solely for the student achievement initiative.

NEW SECTION. Sec. 208. A new section is added to 2013 1st sp.s. c ... (Engrossed Substitute House Bill 1057) (uncodified) to read as follows:

FOR THE STUDENT ACHIEVEMENT COUNCIL--OPPORTUNITY SCHOLARSHIP

The sum of five million dollars is appropriated for the fiscal biennium ending June 30, 2015, from the education legacy trust account--state to the student achievement council. The appropriation in this section is provided solely for expenditure into the opportunity scholarship match transfer account for purposes of the opportunity scholarship program established in chapter 28B.145 RCW. The council shall enter appropriate agreements with the administrator to demonstrate receipt of consideration for public funds and use of public funds for the specified statutory purposes.

II-B

K-12 Policy Changes

Sec. 209. RCW 28A.150.220 and 2013 c 323 s 2 are each amended to read as follows:

(1) In order for students to have the opportunity to develop the basic education knowledge and skills under RCW 28A.150.210, school districts must provide instruction of sufficient quantity and quality and give students the opportunity to complete graduation requirements that are intended to prepare them for postsecondary education, gainful employment, and citizenship. The program established under this section shall be the minimum instructional program of basic education offered by school districts.

(2) Each school district shall make available to students the following minimum instructional offering each school year:

(a) For students enrolled in grades one through twelve, at least a district-wide annual average of one thousand hours, which shall be increased district-wide to ((at least one thousand eighty instructional hours for students enrolled in each of grades seven through twelve and)) at least one thousand instructional hours for students in each of grades one through six ((according to an implementation schedule adopted by the legislature, but not before)) beginning with the ((2014-15)) 2017-18 school year(;) and increased district-wide for students in each of grades seven through twelve according to the following implementation schedule:

Minimum instructional hours for grades 7-12			
2014-15	school	year.....	1,020
2015-16	school	year.....	1,040
2016-17	school	year.....	1,060
2017-18 school year and thereafter.....			1,080

(b) For students enrolled in kindergarten, at least four hundred fifty instructional hours, which shall be increased to at least one thousand instructional hours according to the implementation schedule under RCW 28A.150.315.

(3) The instructional program of basic education provided by each school district shall include:

(a) Instruction in the essential academic learning requirements under RCW 28A.655.070;

(b) Instruction that provides students the opportunity to complete twenty-four credits for high school graduation, subject to a phased-in implementation of the twenty-four credits as established by the legislature. Course distribution requirements may be established by the state board of education under RCW 28A.230.090;

(c) If the essential academic learning requirements include a requirement of languages other than English, the requirement may be met by students receiving instruction in one or more American Indian languages;

(d) Supplemental instruction and services for underachieving students through the learning assistance program under RCW 28A.165.005 through 28A.165.065;

(e) Supplemental instruction and services for eligible and enrolled students whose primary language is other than English through the transitional bilingual instruction program under RCW 28A.180.010 through 28A.180.080;

(f) The opportunity for an appropriate education at public expense as defined by RCW 28A.155.020 for all eligible students with disabilities as defined in RCW 28A.155.020; and

(g) Programs for highly capable students under RCW 28A.185.010 through 28A.185.030.

(4) Nothing contained in this section shall be construed to require individual students to attend school for any particular number of hours per day or to take any particular courses.

(5) Each school district's kindergarten through twelfth grade basic educational program shall be accessible to all students who are five years of age, as provided by RCW 28A.225.160, and less than twenty-one years of age and shall consist of a minimum of one hundred eighty school days per school year in such grades as are conducted by a school district, and one hundred eighty half-days of instruction, or equivalent, in kindergarten, to be increased to a minimum of one hundred eighty school days per school year according to the implementation schedule under RCW 28A.150.315. However, schools administering the Washington kindergarten inventory of developing skills may use up to three school days at the beginning of the school year to meet with parents and families as required in the parent involvement component of the inventory. In addition, effective May 1, 1979, a school district may schedule the last five school days of the one hundred and eighty day school year for noninstructional purposes in the case of students who are graduating from high school, including, but not limited to, the observance of graduation and early release from school upon the request of a student, and all such students may be claimed as a full-time equivalent student to the extent they could otherwise have been so claimed for the purposes of RCW 28A.150.250 and 28A.150.260.

(6) Nothing in this section precludes a school district from enriching the instructional program of basic education, such as offering additional instruction or providing additional services, programs, or activities that the school district determines to be appropriate for the education of the school district's students.

(7) The state board of education shall adopt rules to implement and ensure compliance with the program requirements imposed by this section, RCW 28A.150.250 and 28A.150.260, and such related supplemental program approval requirements as the state board may establish.

Sec. 210. RCW 28A.150.260 and 2011 1st sp.s. c 27 s 2 are each amended to read as follows:

The purpose of this section is to provide for the allocation of state funding that the legislature deems necessary to support school districts in offering the minimum instructional program of basic education under RCW 28A.150.220. The allocation shall be determined as follows:

(1) The governor shall and the superintendent of public instruction may recommend to the legislature a formula for the distribution of a basic education instructional allocation for each common school district.

(2) The distribution formula under this section shall be for allocation purposes only. Except as may be required under chapter 28A.155, 28A.165, 28A.180, or 28A.185 RCW, or federal laws and regulations, nothing in this section requires school districts to use basic education instructional funds to implement a particular instructional approach or service. Nothing in this section requires school districts to maintain a particular classroom teacher-to-student ratio or other staff-to-student ratio or to use allocated funds to pay for particular types or classifications of staff. Nothing in this section entitles an individual teacher to a particular teacher planning period.

(3)(a) To the extent the technical details of the formula have been adopted by the legislature and except when specifically provided as a school district allocation, the distribution formula for the basic education instructional allocation shall be based on minimum staffing and nonstaff costs the legislature deems necessary to support instruction and operations in prototypical schools serving high, middle, and elementary school students as provided in this section. The use of prototypical schools for the distribution formula does not constitute legislative intent that schools should be operated or structured in a similar fashion as the prototypes. Prototypical schools illustrate the level of resources needed to operate a school of a particular size with particular types and grade levels of students using commonly understood terms and inputs, such as class size, hours of instruction, and various categories of school staff. It is the intent that the funding allocations to school districts be adjusted from the school prototypes based on the actual number of annual average full-time equivalent students in each grade level at each school in the district and not based on the grade-level configuration of the school to the extent that data is available. The allocations shall be further adjusted from the school prototypes with minimum allocations for small schools and to reflect other factors identified in the omnibus appropriations act.

(b) For the purposes of this section, prototypical schools are defined as follows:

(i) A prototypical high school has six hundred average annual full-time equivalent students in grades nine through twelve;

(ii) A prototypical middle school has four hundred thirty-two average annual full-time equivalent students in grades seven and eight; and

(iii) A prototypical elementary school has four hundred average annual full-time equivalent students in grades kindergarten through six.

(4)(a) The minimum allocation for each level of prototypical school shall be based on the number of full-time equivalent classroom teachers needed to provide instruction over the minimum required annual instructional hours under RCW 28A.150.220 and provide at least one teacher planning period per school day, and based on the following general education average class size of full-time equivalent students per teacher:

General education average class size	
Grades K-3	25.23
Grade 4	27.00
Grades 5-6	27.00
Grades 7-8	28.53
Grades 9-12	28.74

(b) During the 2011-2013 biennium and beginning with schools with the highest percentage of students eligible for free and reduced-price meals in the prior school year, the general education average class size for grades K-3 shall be reduced until the average class size funded under this subsection (4) is no more than 17.0 full-time equivalent students per teacher beginning in the 2017-18 school year.

(c) The minimum allocation for each prototypical middle and high school shall also provide for full-time equivalent classroom teachers based on the following number of full-time equivalent students per teacher in career and technical education:

Career and technical
education average
class size

Approved career and technical education offered at
the middle school and high school level 26.57
Skill center programs meeting the standards established
by the office of the superintendent of public
instruction 22.76

(d) In addition, the omnibus appropriations act shall at a minimum specify:

(i) A high-poverty average class size in schools where more than fifty percent of the students are eligible for free and reduced-price meals; and

(ii) A specialty average class size for laboratory science, advanced placement, and international baccalaureate courses.

(e) To support the increase in instructional hours required under RCW 28A.150.220(2)(a), beginning with the 2014-15 school year, the minimum allocation for each prototypical middle school and high school must provide resources to provide an additional 0.5556 hours of instruction per week per annual average full-time equivalent student enrolled in grades seven through twelve, based on the general education average class sizes specified in (a) of this subsection, which shall be increased in equal annual increments until an additional 2.2222 hours of instruction is provided in the 2017-18 school year and thereafter.

(5) The minimum allocation for each level of prototypical school shall include allocations for the following types of staff in addition to classroom teachers:

	Elementary School	Middle School	High School
Principals, assistant principals, and other certificated building-level administrators	1.253	1.353	1.880
Teacher librarians, a function that includes information literacy, technology, and media to support school library media programs	0.663	0.519	0.523
Health and social services:			
School nurses	0.076	0.060	0.096
Social workers	0.042	0.006	0.015
Psychologists	0.017	0.002	0.007
Guidance counselors, a function that includes parent outreach and graduation advising	0.493	((1.116)) <u>1.283</u>	((1.909)) <u>2.076</u>
Teaching assistance, including any aspect of educational instructional services provided by classified employees.....	0.936	0.700	0.652
Office support and other noninstructional aides.....	2.012	2.325	3.269
Custodians	1.657	1.942	2.965
Classified staff providing student and staff safety.....	0.079	0.092	0.141
((Parent involvement)) <u>Family engagement</u> coordinators.....	((0.00)) <u>0.167</u>	0.00	0.00

(6)(a) The minimum staffing allocation for each school district to provide district-wide support services shall be allocated per one thousand annual average full-time equivalent students in grades K-12 as follows:

Staff per 1,000
K-12 students

Technology	0.628
Facilities, maintenance, and grounds	1.813
Warehouse, laborers, and mechanics	0.332

(b) The minimum allocation of staff units for each school district to support certificated and classified staffing of central administration shall be 5.30 percent of the staff units generated under subsections (4)(a) ~~((and))~~, (b), and (e) and (5) of this section and (a) of this subsection.

(7) The distribution formula shall include staffing allocations to school districts for career and technical education and skill center administrative and other school-level certificated staff, as specified in the omnibus appropriations act.

(8)(a) Except as provided in (b) of this subsection, the minimum allocation for each school district shall include allocations per annual average full-time equivalent student for the following materials, supplies, and operating costs, to be adjusted for inflation from the 2008-09 school year:

Per annual average
full-time equivalent student
in grades K-12

Technology	\$54.43
Utilities and insurance	\$147.90
Curriculum and textbooks	\$58.44
Other supplies and library materials	\$124.07
Instructional professional development for certified and classified staff	\$9.04
Facilities maintenance	\$73.27
Security and central office	\$50.76

(b) During the 2011-2013 biennium, the minimum allocation for ~~((maintenance))~~ materials, supplies, and operating costs shall be increased as specified in the omnibus appropriations act. The following allocations, adjusted for inflation from the 2007-08 school year, are provided in the 2015-16 school year, after which the allocations shall be adjusted annually for inflation as specified in the omnibus appropriations act:

Per annual average
full-time equivalent student
in grades K-12

Technology	\$113.80
Utilities and insurance	\$309.21
Curriculum and textbooks	\$122.17
Other supplies and library materials	\$259.39
Instructional professional development for certificated and classified staff	\$18.89
Facilities maintenance	\$153.18
Security and central office administration	\$106.12

(9) In addition to the amounts provided in subsection (8) of this section, the omnibus appropriations act shall provide an amount based on full-time equivalent student enrollment in each of the following:

- (a) Exploratory career and technical education courses for students in grades seven through twelve;
- (b) Laboratory science courses for students in grades nine through twelve;
- (c) Preparatory career and technical education courses for students in grades nine through twelve offered in a high school; and
- (d) Preparatory career and technical education courses for students in grades eleven and twelve offered through a skill center.

(10) In addition to the allocations otherwise provided under this section, amounts shall be provided to support the following programs and services:

(a) To provide supplemental instruction and services for underachieving students through the learning assistance program under RCW 28A.165.005 through 28A.165.065, allocations shall be based on the district percentage of students in grades K-12 who were eligible for free or reduced-price meals in the prior school year. The minimum allocation for the program shall provide for each level of prototypical school resources to provide, on a statewide average, 1.5156 hours per week in extra instruction with a class size of fifteen learning assistance program students per teacher.

(b) To provide supplemental instruction and services for students whose primary language is other than English, allocations shall be based on the following:

(i) The head count number of students in each school who are eligible for and enrolled in the transitional bilingual instruction program under RCW 28A.180.010 through 28A.180.080. The minimum allocation for each level of prototypical school shall provide resources to provide, on a statewide average, 4.7780 hours per week in extra instruction with fifteen transitional bilingual instruction program students per teacher. ~~((Notwithstanding other provisions of this subsection (10), the actual per student allocation may be scaled to provide a larger allocation for students needing more intensive intervention and a commensurate reduced allocation for students needing less intensive intervention, as detailed in the omnibus appropriations act.))~~

(ii) The head count number of students in each school who have exited the transitional bilingual instruction program within the previous two years based on their performance on the English proficiency assessment approved by the superintendent of public instruction under RCW 28A.180.090. Beginning with the 2013-14 school year, the minimum allocation under this subsection (10)(b)(ii) for each level of prototypical school must provide resources to provide, on a statewide average, 1.0 hours per week in extra instruction with fifteen exited transitional bilingual instruction program students per teacher, based on students who exited within the previous school year. Beginning with the 2014-15 school year, the minimum allocation must be based on students who exited within the previous two school years.

(iii) School districts may not receive allocations under both (b)(i) and (ii) of this subsection for the same student in a single school year.

(c) To provide additional allocations to support programs for highly capable students under RCW 28A.185.010 through 28A.185.030, allocations shall be based on two and three hundred fourteen one- thousandths percent of each school district's full-time equivalent basic education enrollment. The minimum allocation for the programs shall provide resources to provide, on a statewide average, 2.1590 hours per week in extra instruction with fifteen highly capable program students per teacher.

(11) The allocations under subsections (4)(a) ~~((and))~~, (b), ~~and (c)~~, (5), (6), and (8) of this section shall be enhanced as provided under RCW 28A.150.390 on an excess cost basis to provide supplemental instructional resources for students with disabilities.

(12)(a) For the purposes of allocations for prototypical high schools and middle schools under subsections (4) and (10) of this section that are based on the percent of students in the school who are eligible for free and reduced-price meals, the actual percent of such students in a school

shall be adjusted by a factor identified in the omnibus appropriations act to reflect underreporting of free and reduced-price meal eligibility among middle and high school students.

(b) Allocations or enhancements provided under subsections (4), (7), and (9) of this section for exploratory and preparatory career and technical education courses shall be provided only for courses approved by the office of the superintendent of public instruction under chapter 28A.700 RCW.

(13)(a) This formula for distribution of basic education funds shall be reviewed biennially by the superintendent and governor. The recommended formula shall be subject to approval, amendment or rejection by the legislature.

(b) In the event the legislature rejects the distribution formula recommended by the governor, without adopting a new distribution formula, the distribution formula for the previous school year shall remain in effect.

(c) The enrollment of any district shall be the annual average number of full-time equivalent students and part-time students as provided in RCW 28A.150.350, enrolled on the first school day of each month, including students who are in attendance pursuant to RCW 28A.335.160 and 28A.225.250 who do not reside within the servicing school district. The definition of full-time equivalent student shall be determined by rules of the superintendent of public instruction and shall be included as part of the superintendent's biennial budget request. The definition shall be based on the minimum instructional hour offerings required under RCW 28A.150.220. Any revision of the present definition shall not take effect until approved by the house ways and means committee and the senate ways and means committee.

(d) The office of financial management shall make a monthly review of the superintendent's reported full-time equivalent students in the common schools in conjunction with RCW 43.62.050.

Sec. 211. RCW 28A.150.390 and 2010 c 236 s 3 are each amended to read as follows:

(1) The superintendent of public instruction shall submit to each regular session of the legislature during an odd-numbered year a programmed budget request for special education programs for students with disabilities. Funding for programs operated by local school districts shall be on an excess cost basis from appropriations provided by the legislature for special education programs for students with disabilities and shall take account of state funds accruing through RCW 28A.150.260 (4)(a) (~~and~~), (b), and (e), (5), (6), and (8).

(2) The excess cost allocation to school districts shall be based on the following:

(a) A district's annual average headcount enrollment of students ages birth through four and those five year olds not yet enrolled in kindergarten who are eligible for and enrolled in special education, multiplied by the district's base allocation per full-time equivalent student, multiplied by 1.15; and

(b) A district's annual average full-time equivalent basic education enrollment, multiplied by the district's funded enrollment percent, multiplied by the district's base allocation per full-time equivalent student, multiplied by 0.9309.

(3) As used in this section:

(a) "Base allocation" means the total state allocation to all schools in the district generated by the distribution formula under RCW 28A.150.260 (4)(a) (~~and~~), (b), and (e), (5), (6), and (8), to be divided by the district's full-time equivalent enrollment.

(b) "Basic education enrollment" means enrollment of resident students including nonresident students enrolled under RCW 28A.225.225 and students from nonhigh districts enrolled under RCW 28A.225.210 and excluding students residing in another district enrolled as part of an interdistrict cooperative program under RCW 28A.225.250.

(c) "Enrollment percent" means the district's resident special education annual average enrollment, excluding students ages birth through four and those five year olds not yet enrolled in kindergarten, as a percent of the district's annual average full-time equivalent basic education enrollment.

(d) "Funded enrollment percent" means the lesser of the district's actual enrollment percent or twelve and seven-tenths percent.

Sec. 212. RCW 28A.180.030 and 2001 1st sp.s. c 6 s 3 are each amended to read as follows:

As used throughout this chapter, unless the context clearly indicates otherwise:

(1) "Transitional bilingual instruction" means:

(a) A system of instruction which uses two languages, one of which is English, as a means of instruction to build upon and expand language skills to enable the pupil to achieve competency in English. Concepts and information are introduced in the primary language and reinforced in the second language: PROVIDED, That the program shall include testing in the subject matter in English; or

(b) In those cases in which the use of two languages is not practicable as established by the superintendent of public instruction and unless otherwise prohibited by law, an alternative system of instruction which may include English as a second language and is designed to enable the pupil to achieve competency in English.

(2) "Primary language" means the language most often used by the student for communication in his/her home.

(3) "Eligible pupil" means any enrollee of the school district whose primary language is other than English and whose English language skills are sufficiently deficient or absent to impair learning.

(4) "Exited pupil" means a student previously enrolled in the transitional bilingual instruction program who is no longer eligible for the program based on his or her performance on an English proficiency assessment approved by the superintendent of public instruction.

Sec. 213. RCW 28A.180.040 and 2009 c 380 s 5 are each amended to read as follows:

(1) Every school district board of directors shall:

(a) Make available to each eligible pupil transitional bilingual instruction to achieve competency in English, in accord with rules of the superintendent of public instruction;

(b) Wherever feasible, ensure that communications to parents emanating from the schools shall be appropriately bilingual for those parents of pupils in the bilingual instruction program;

(c) Determine, by administration of an English test approved by the superintendent of public instruction the number of eligible pupils enrolled in the school district at the beginning of a school year and thereafter during the year as necessary in individual cases;

(d) Ensure that a student who is a child of a military family in transition and who has been assessed as in need of, or enrolled in, a bilingual instruction program, the receiving school shall initially honor placement of the student into a like program.

(i) The receiving school shall determine whether the district's program is a like program when compared to the sending school's program; and

(ii) The receiving school may conduct subsequent assessments pursuant to RCW 28A.180.090 to determine appropriate placement and continued enrollment in the program;

(e) Before the conclusion of each school year, measure each eligible pupil's improvement in learning the English language by means of a test approved by the superintendent of public instruction; ~~(and)~~

(f) Provide in-service training for teachers, counselors, and other staff, who are involved in the district's transitional bilingual program. Such training shall include appropriate instructional strategies for children of culturally different backgrounds, use of curriculum materials, and program models; _____ and _____

(g) Make available a program of instructional support for up to two years immediately after pupils exit from the program, for exited pupils who need assistance in reaching grade-level performance in academic subjects even though they have achieved English proficiency for purposes of the transitional bilingual instructional program.

(2) The definitions in Article II of RCW 28A.705.010 apply to subsection (1)(d) of this section.

II-C

K-12 APPROPRIATIONS

Sec. 214. 2013 1st sp.s. c ... (ESHB 1057) s 502 (uncodified) is amended to read as follows:

FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION--FOR GENERAL APPORTIONMENT

General Fund--State Appropriation (FY 2014)	\$5,445,282,000
General Fund--State Appropriation (FY 2015)	\$5,735,636,000
Education Legacy Trust Account--State Appropriation	(\$25,283,000)
\$106,604,000	
TOTAL APPROPRIATION	(\$11,206,201,000)
\$11,287,522,000	

The appropriations in this section are subject to the following conditions and limitations:

(1)(a) Each general fund fiscal year appropriation includes such funds as are necessary to complete the school year ending in the fiscal year and for prior fiscal year adjustments.

(b) For the 2013-14 and 2014-15 school years, the superintendent shall allocate general apportionment funding to school districts as provided in the funding formulas and salary schedules in sections 502 and 503 of this act, excluding (c) of this subsection.

(c) From July 1, 2013 to August 31, 2013, the superintendent shall allocate general apportionment funding to school districts programs as provided in sections 502 and 503, chapter 50, Laws of 2011 1st sp. sess., as amended through sections 502 and 503 of the 2013 omnibus supplemental operating appropriations act.

(d) The enrollment of any district shall be the annual average number of full-time equivalent students and part-time students as provided in RCW 28A.150.350, enrolled on the fourth day of school in September and on the first school day of each month October through June, including students who are in attendance pursuant to RCW 28A.335.160 and 28A.225.250 who do not reside within the servicing school district. Any school district concluding its basic education program in May must report the enrollment of the last school day held in May in lieu of a June enrollment.

(2) CERTIFICATED INSTRUCTIONAL STAFF ALLOCATIONS

Allocations for certificated instructional staff salaries for the 2013-14 and 2014-15 school years are determined using formula-generated staff units calculated pursuant to this subsection.

(a) Certificated instructional staff units, as defined in RCW 28A.150.410, shall be allocated to reflect the minimum class size allocations, requirements, and school prototypes assumptions as provided in RCW 28A.150.260. The superintendent shall make allocations to school districts based on the district's annual average full-time equivalent student enrollment in each grade.

(b) Additional certificated instructional staff units provided in this subsection (2) that exceed the minimum requirements in RCW 28A.150.260 are enhancements outside the program of basic education, except as otherwise provided in this section.

(c)(i) The superintendent shall base allocations for each level of prototypical school on the following regular education average class size of full-time equivalent students per teacher, except as provided in (c)(ii) of this subsection:

General education class size:

Grade	RCW 28A.150.260	2013-14 School Year	2014-15 School Year
Grades K-3		23.50	23.50
Grade 4		27.00	27.00
Grades 5-6		27.00	27.00
Grades 7-8		28.53	28.53
Grades 9-12		28.74	28.74

The superintendent shall base allocations for career and technical education (CTE) and skill center programs average class size as provided in RCW 28A.150.260.

(ii) For each level of prototypical school at which more than fifty percent of the students were eligible for free and reduced-price meals in the prior school year, the superintendent shall allocate funding based on the following average class size of full-time equivalent students per teacher:

General education class size in high poverty school:	2013-14 School Year	2014-15 School Year
Grades K-3	21.76	21.76
Grade 4	27.00	27.00
Grades 5-6	27.00	27.00
Grades 7-8	28.53	28.53
Grades 9-12	28.74	28.74

(iii) Pursuant to RCW 28A.150.260(4)(a), the assumed teacher planning period, expressed as a percentage of a teacher work day, is 13.42 percent in grades K-6, and 16.67 percent in grades 7-12; and

(iv) Laboratory science, advanced placement, and international baccalaureate courses are funded at the same class size assumptions as general education schools in the same grade; and

(d)(i) Funding for teacher librarians, school nurses, social workers, school psychologists, and guidance counselors is allocated based on the school prototypes as provided in RCW 28A.150.260 and is considered certificated instructional staff, except as provided in (d)(ii) of this subsection.

(ii) Students in approved career and technical education and skill center programs generate certificated instructional staff units to provide for the services of teacher librarians, school nurses, social workers, school psychologists, and guidance counselors at the following combined rate per 1000 students:

Career and Technical Education students	2.02 per 1000 student FTE's
Skill Center students	2.36 per 1000 student FTE's

(3) ADMINISTRATIVE STAFF ALLOCATIONS

(a) Allocations for school building-level certificated administrative staff salaries for the 2013-14 and 2014-15 school years for general education students are determined using the formula generated staff units calculated pursuant to this subsection. The superintendent shall make allocations to school districts based on the district's annual average full-time equivalent enrollment in each grade. The following prototypical school values shall determine the allocation for principals, assistance principals, and other certificated building level administrators:

Prototypical School Building:	
Elementary School	1.253
Middle School	1.353
High School	1.880

(b) Students in approved career and technical education and skill center programs generate certificated school building-level administrator staff units at per student rates that are a multiple of the general education rate in (a) of this subsection by the following factors: Career and Technical Education students 1.025
Skill Center students 1.198

(4) CLASSIFIED STAFF ALLOCATIONS

Allocations for classified staff units providing school building- level and district-wide support services for the 2013-14 and 2014-15 school years are determined using the formula-generated staff units provided in RCW 28A.150.260, and adjusted based on each district's annual average full-time equivalent student enrollment in each grade.

(5) CENTRAL OFFICE ALLOCATIONS

In addition to classified and administrative staff units allocated in subsections (3) and (4) of this section, classified and administrative staff units are provided for the 2013-14 and 2014-15 school year for the central office administrative costs of operating a school district, at the following rates:

(a) The total central office staff units provided in this subsection (5) are calculated by first multiplying the total number of eligible certificated instructional, certificated administrative, and classified staff units providing school-based or district-wide support services, as identified in RCW 28A.150.260(6)(b), by 5.3 percent.

(b) Of the central office staff units calculated in (a) of this subsection, 74.53 percent are allocated as classified staff units, as generated in subsection (4) of this section, and 25.47 percent shall be allocated as administrative staff units, as generated in subsection (3) of this section.

(c) Staff units generated as enhancements outside the program of basic education to the minimum requirements of RCW 28A.150.260, and staff units generated by skill center and career-technical students, are excluded from the total central office staff units calculation in (a) of this subsection.

(d) For students in approved career-technical and skill center programs, central office classified units are allocated at the same staff unit per student rate as those generated for general education students of the same grade in this subsection (5), and central office administrative staff units are allocated at staff unit per student rates that exceed the general education rate established for students in the same grade in this subsection (5) by ~~((4.97))~~ 1.53 percent in the 2013-14 school year and ~~((4.97))~~ 1.61 percent in the 2014-15 school year for career and technical education students, and ~~((21.92))~~ 21.38 percent in the 2013-14 school year and ~~((21.92))~~ 19.93 percent in the 2014-15 school year for skill center students.

(6) FRINGE BENEFIT ALLOCATIONS

Fringe benefit allocations shall be calculated at a rate of 18.68 percent in the 2013-14 school year and 18.68 percent in the 2014-15 school year for certificated salary allocations provided under subsections (2), (3), and (5) of this section, and a rate of 20.95 percent in the 2013-14 school year and 20.95 percent in the 2014-15 school year for classified salary allocations provided under subsections (4) and (5) of this section.

(7) INSURANCE BENEFIT ALLOCATIONS

Insurance benefit allocations shall be calculated at the maintenance rate specified in section 504 of this act, based on the number of benefit units determined as follows:

(a) The number of certificated staff units determined in subsections (2), (3), and (5) of this section; and

(b) The number of classified staff units determined in subsections (4) and (5) of this section multiplied by 1.152. This factor is intended to adjust allocations so that, for the purposes of distributing insurance benefits, full-time equivalent classified employees may be calculated on the basis of 1440 hours of work per year, with no individual employee counted as more than one full-time equivalent.

(8) MATERIALS, SUPPLIES, AND OPERATING COSTS (MSOC) ALLOCATIONS

Funding is allocated per annual average full-time equivalent student for the materials, supplies, and operating costs (MSOC) incurred by school districts, consistent with the requirements of RCW 28A.150.260.

(a) MSOC funding for general education students are allocated at the following per student rates:

MSOC RATES/STUDENT FTE

MSOC Component	2013-14 SCHOOL YEAR	2014-15 SCHOOL YEAR
Technology	\$82.43	\$83.83
Utilities and Insurance	\$223.98	\$227.78
Curriculum and Textbooks	\$88.50	\$90.01
Other Supplies and Library Materials	\$187.89	\$191.08
Instructional Professional Development for Certificated and Classified Staff	\$13.69	\$13.92
Facilities Maintenance	\$110.96	\$112.84
Security and Central Office	\$76.86	\$78.18
TOTAL BASIC EDUCATION MSOC/STUDENT FTE	\$784.31	\$797.64

(b) Students in approved skill center programs generate per student FTE MSOC allocations of \$1,249.17 for the 2013-14 school year and \$1,270.41 for the 2014-15 school year.

(c) Students in approved exploratory and preparatory career and technical education programs generate a per student MSOC allocation of \$1,249.17 for the 2013-14 school year and \$1,270.41 for the 2014-15 school year.

(d) Students in laboratory science courses generate per student FTE MSOC allocations which equal the per student FTE rate for general education students established in (a) of this subsection.

(9) SUBSTITUTE TEACHER ALLOCATIONS

For the 2013-14 and 2014-15 school years, funding for substitute costs for classroom teachers is based on four (4) funded substitute days per classroom teacher unit generated under subsection (2) of this section, at a daily substitute rate of \$151.86.

(10) ALTERNATIVE LEARNING EXPERIENCE PROGRAM FUNDING

(a) Amounts provided in this section from July 1, 2013, to August 31, 2013, are adjusted to reflect provisions of chapter 34, Laws of 2011 1st sp. sess. (allocation of funding for funding for students enrolled in alternative learning experiences).

(b) Amounts provided in this section beginning September 1, 2013, are adjusted to reflect 2013 legislation that modifies alternative learning experience courses.

(c) The superintendent of public instruction shall require all districts receiving general apportionment funding for alternative learning experience (ALE) programs as defined in WAC 392-121-182 to provide separate financial accounting of expenditures for the ALE programs offered in district or with a provider, including but not limited to private companies and multidistrict cooperatives, as well as accurate, monthly headcount and FTE enrollment claimed for basic education, including separate counts of resident and nonresident students.

(11) VOLUNTARY FULL DAY KINDERGARTEN PROGRAMS

Funding in this section is sufficient to fund voluntary full day kindergarten programs in qualifying high poverty schools, pursuant to RCW 28A.150.220 and 28A.150.315. Each kindergarten student who enrolls for the voluntary full-day program in a qualifying school shall count as one-half of one full-time equivalent student for purpose of making allocations under this section. Funding in this section provides full-day kindergarten programs for ~~((48.0))~~ 53.0 percent of kindergarten enrollment in the 2013-14 school year and ~~((48.0))~~ 53.0 percent in the 2014-15 school year.

(12) INCREASED INSTRUCTIONAL HOURS FOR GRADES SEVEN THROUGH TWELVE

Amounts provided in this section are sufficient to fund increased instructional hours in grades seven through twelve. For the 2014-15 school year, the superintendent shall allocate funding to school districts for increased instructional hours. In calculating the allocations, the superintendent shall assume the following averages: (a) Additional instruction of 0.5556 hours per week per full-time equivalent student in grades seven through twelve in the 2014-15 school year; (b) the general education average class sizes specified in section 502(2)(c); (c) 36 instructional weeks per year; (d) 900 instructional hours per teachers; and (e) the district's average staff mix and compensation rates as provided in section 503, chapter ... (ESHB 1057), Laws of 2013 1st sp.s.

(13) ADDITIONAL FUNDING FOR SMALL SCHOOL DISTRICTS AND REMOTE AND NECESSARY PLANTS

For small school districts and remote and necessary school plants within any district which have been judged to be remote and necessary by the superintendent of public instruction, additional staff units are provided to ensure a minimum level of staffing support. Additional administrative and certificated instructional staff units provided to districts in this subsection shall be reduced by the general education staff units, excluding career and technical education and skills center enhancement units, otherwise provided in subsections (2) through (5) of this section on a per district basis.

(a) For districts enrolling not more than twenty-five average annual full-time equivalent students in grades K-8, and for small school plants within any school district which have been judged to be remote and necessary by the superintendent of public instruction and enroll not more than twenty-five average annual full-time equivalent students in grades K-8:

(i) For those enrolling no students in grades 7 and 8, 1.76 certificated instructional staff units and 0.24 certificated administrative staff units for enrollment of not more than five students, plus one-twentieth of a certificated instructional staff unit for each additional student enrolled; and

(ii) For those enrolling students in grades 7 or 8, 1.68 certificated instructional staff units and 0.32 certificated administrative staff units for enrollment of not more than five students, plus one-tenth of a certificated instructional staff unit for each additional student enrolled;

(b) For specified enrollments in districts enrolling more than twenty-five but not more than one hundred average annual full-time equivalent students in grades K-8, and for small school plants within any school district which enroll more than twenty-five average annual full-time equivalent students in grades K-8 and have been judged to be remote and necessary by the superintendent of public instruction:

(i) For enrollment of up to sixty annual average full-time equivalent students in grades K-6, 2.76 certificated instructional staff units and 0.24 certificated administrative staff units; and

(ii) For enrollment of up to twenty annual average full-time equivalent students in grades 7 and 8, 0.92 certificated instructional staff units and 0.08 certificated administrative staff units;

(c) For districts operating no more than two high schools with enrollments of less than three hundred average annual full-time equivalent students, for enrollment in grades 9-12 in each such school, other than alternative schools, except as noted in this subsection:

(i) For remote and necessary schools enrolling students in any grades 9-12 but no more than twenty-five average annual full-time equivalent students in grades K-12, four and one-half certificated instructional staff units and one-quarter of a certificated administrative staff unit;

(ii) For all other small high schools under this subsection, nine certificated instructional staff units and one-half of a certificated administrative staff unit for the first sixty average annual full-time equivalent students, and additional staff units based on a ratio of 0.8732 certificated instructional staff units and 0.1268 certificated administrative staff units per each additional forty-three and one-half average annual full-time equivalent students;

(iii) Districts receiving staff units under this subsection shall add students enrolled in a district alternative high school and any grades nine through twelve alternative learning experience programs with the small high school enrollment for calculations under this subsection;

(d) For each nonhigh school district having an enrollment of more than seventy annual average full-time equivalent students and less than one hundred eighty students, operating a grades K-8 program or a grades 1-8 program, an additional one-half of a certificated instructional staff unit;

(e) For each nonhigh school district having an enrollment of more than fifty annual average full-time equivalent students and less than one hundred eighty students, operating a grades K-6 program or a grades 1-6 program, an additional one-half of a certificated instructional staff unit;

(f)(i) For enrollments generating certificated staff unit allocations under (a) through (e) of this subsection, one classified staff unit for each 2.94 certificated staff units allocated under such subsections;

(ii) For each nonhigh school district with an enrollment of more than fifty annual average full-time equivalent students and less than one hundred eighty students, an additional one-half of a classified staff unit; and

(g) School districts receiving additional staff units to support small student enrollments and remote and necessary plants under this subsection ~~((12))~~ (13) shall generate additional MSOC allocations consistent with the nonemployee related costs (NERC) allocation formula in place for the 2010-11 school year as provided section 502, chapter 37, Laws of 2010 1st sp. sess. (2010 supplemental budget), adjusted annually for inflation.

~~((13))~~ (14) Any school district board of directors may petition the superintendent of public instruction by submission of a resolution adopted in a public meeting to reduce or delay any portion of its basic education allocation for any school year. The superintendent of public instruction shall approve such reduction or delay if it does not impair the district's financial condition. Any delay shall not be for more than two school years. Any reduction or delay shall have no impact on levy authority pursuant to RCW 84.52.0531 and local effort assistance pursuant to chapter 28A.500 RCW.

~~((14))~~ (15) The superintendent may distribute funding for the following programs outside the basic education formula during fiscal years 2014 and 2015 as follows:

(a) \$607,000 of the general fund--state appropriation for fiscal year 2014 and \$617,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for fire protection for school districts located in a fire protection district as now or hereafter established pursuant to chapter 52.04 RCW.

(b) \$436,000 of the general fund--state appropriation for fiscal year 2014 and \$436,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for programs providing skills training for secondary students who are enrolled in extended day school-to-work programs, as approved by the superintendent of public instruction. The funds shall be allocated at a rate not to exceed \$500 per full-time equivalent student enrolled in those programs.

~~((15))~~ (16) \$214,000 of the general fund--state appropriation for fiscal year 2014 and \$218,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for school district emergencies as certified by the superintendent of public instruction. At the close of the fiscal year the superintendent of public instruction shall report to the office of financial management and the appropriate fiscal committees of the legislature on the allocations provided to districts and the nature of the emergency.

~~((16))~~ (17) Funding in this section is sufficient to fund a maximum of 1.6 FTE enrollment for skills center students pursuant to chapter 463, Laws of 2007.

~~((17))~~ (18) Students participating in running start programs may be funded up to a combined maximum enrollment of 1.2 FTE including school district and institution of higher education enrollment. In calculating the combined 1.2 FTE, the office of the superintendent of public instruction may average the participating student's September through June enrollment to account for differences in the start and end dates for courses provided by the high school and higher education institution. Additionally, the office of the superintendent of public instruction, in consultation with the state board for community and technical colleges, the higher education coordinating board, and the education data center, shall annually track and report to the fiscal committees of the legislature on the combined FTE experience of students participating in the running start program, including course load analyses at both the high school and community and technical college system.

~~((18))~~ (19) If two or more school districts consolidate and each district was receiving additional basic education formula staff units pursuant to subsection ~~((12))~~ (13) of this section, the following apply:

(a) For three school years following consolidation, the number of basic education formula staff units shall not be less than the number of basic education formula staff units received by the districts in the school year prior to the consolidation; and

(b) For the fourth through eighth school years following consolidation, the difference between the basic education formula staff units received by the districts for the school year prior to consolidation and the basic education formula staff units after consolidation pursuant to subsection ~~((12))~~ (13) of this section shall be reduced in increments of twenty percent per year.

~~((19))~~ (20)(a) Indirect cost charges by a school district to approved career and technical education middle and secondary programs shall not exceed ten percent of the combined basic education and career and technical education program enhancement allocations of state funds. Middle and secondary career and technical education programs are considered separate programs for funding and financial reporting purposes under this section.

(b) Career and technical education program full-time equivalent enrollment shall be reported on the same monthly basis as the enrollment for students eligible for basic support, and payments shall be adjusted for reported career and technical education program enrollments on the same monthly basis as those adjustments for enrollment for students eligible for basic support.

Sec. 215. 2013 1st sp.s. c ... (ESHB 1057) s 507 (uncodified) is amended to read as follows:

FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION--FOR SPECIAL EDUCATION PROGRAMS

General Fund--State Appropriation (FY 2014)	\$727,748,000
General Fund--State Appropriation (FY 2015)	\$764,041,000
General Fund--Federal Appropriation	\$462,020,000
Education Legacy Trust Account--State Appropriation	((756,000))
\$8,631,000	
TOTAL APPROPRIATION	((1,954,565,000))
\$1,962,440,000	

The appropriations in this section are subject to the following conditions and limitations:

(1) Funding for special education programs is provided on an excess cost basis, pursuant to RCW 28A.150.390. School districts shall ensure that special education students as a class receive their full share of the general apportionment allocation accruing through sections 502 and 504 of this act. To the extent a school district cannot provide an appropriate education for special education students under chapter 28A.155 RCW through the general apportionment allocation, it shall provide services through the special education excess cost allocation funded in this section.

(2)(a) The superintendent of public instruction shall ensure that:

(i) Special education students are basic education students first;

- (ii) As a class, special education students are entitled to the full basic education allocation; and
- (iii) Special education students are basic education students for the entire school day.

(b) The superintendent of public instruction shall continue to implement the full cost method of excess cost accounting, as designed by the committee and recommended by the superintendent, pursuant to section 501(1)(k), chapter 372, Laws of 2006.

(3) Each fiscal year appropriation includes such funds as are necessary to complete the school year ending in the fiscal year and for prior fiscal year adjustments.

(4)(a) For the 2013-14 and 2014-15 school years, the superintendent shall allocate funding to school district programs for special education students as provided in RCW 28A.150.390.

(b) From July 1, 2013 to August 31, 2013, the superintendent shall allocate funding to school district programs for special education students as provided in section 507, chapter 50, Laws of 2011 1st sp. sess., as amended through section 507 of the 2013 omnibus supplemental operating appropriations act.

(5) The following applies throughout this section: The definitions for enrollment and enrollment percent are as specified in RCW 28A.150.390(3). Each district's general fund--state funded special education enrollment shall be the lesser of the district's actual enrollment percent or 12.7 percent.

(6) At the request of any interdistrict cooperative of at least 15 districts in which all excess cost services for special education students of the districts are provided by the cooperative, the maximum enrollment percent shall be calculated in accordance with RCW 28A.150.390(3) (c) and (d), and shall be calculated in the aggregate rather than individual district units. For purposes of this subsection, the average basic education allocation per full-time equivalent student shall be calculated in the aggregate rather than individual district units.

(7) \$34,227,000 of the general fund--state appropriation for fiscal year 2014, \$35,592,000 of the general fund--state appropriation for fiscal year 2015, and \$29,574,000 of the general fund--federal appropriation are provided solely for safety net awards for districts with demonstrated needs for special education funding beyond the amounts provided in subsection (4) of this section. If the federal safety net awards based on the federal eligibility threshold exceed the federal appropriation in this subsection (7) in any fiscal year, the superintendent shall expend all available federal discretionary funds necessary to meet this need. At the conclusion of each school year, the superintendent shall recover safety net funds that were distributed prospectively but for which districts were not subsequently eligible.

(a) For the 2013-14 and 2014-15 school years, safety net funds shall be awarded by the state safety net oversight committee as provided in section 109(1) chapter 548, Laws of 2009 (ESHB 2261).

(b) The office of the superintendent of public instruction shall make award determinations for state safety net funding in August of each school year. Determinations on school district eligibility for state safety net awards shall be based on analysis of actual expenditure data from the current school year.

(8) A maximum of \$678,000 may be expended from the general fund-- state appropriations to fund 5.43 full-time equivalent teachers and 2.1 full-time equivalent aides at children's orthopedic hospital and medical center. This amount is in lieu of money provided through the home and hospital allocation and the special education program.

(9) The superintendent shall maintain the percentage of federal flow-through to school districts at 85 percent. In addition to other purposes, school districts may use increased federal funds for high- cost students, for purchasing regional special education services from educational service districts, and for staff development activities particularly relating to inclusion issues.

(10) A school district may carry over from one year to the next year up to 10 percent of the general fund--state funds allocated under this program; however, carryover funds shall be expended in the special education program.

(11) \$252,000 of the general fund--state appropriation for fiscal year 2014 and \$252,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for two additional full-time equivalent staff to support the work of the safety net committee and to provide training and support to districts applying for safety net awards.

(12) \$50,000 of the general fund--state appropriation for fiscal year 2014, \$50,000 of the general fund--state appropriation for fiscal year 2015, and \$100,000 of the general fund--federal appropriation shall be expended to support a special education ombudsman program within the office of superintendent of public instruction.

Sec. 216. 2013 1st sp.s. c ... (ESHB 1057) s 509 (uncodified) is amended to read as follows:

FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION--FOR LOCAL EFFORT ASSISTANCE

General Fund--State Appropriation (FY 2014)	\$309,436,000
General Fund--State Appropriation (FY 2015)	\$334,289,000
Education Legacy Trust Account--State Appropriation	\$835,000
TOTAL APPROPRIATION	(\$643,725,000)
	\$644,560,000

The appropriations in this section are subject to the following conditions and limitations: For purposes of RCW 84.52.0531, the increase per full-time equivalent student is 5.0 percent from the 2012- 13 school year to the 2013-14 school year and 5.0 percent from the 2013-14 school year to the 2014-15 school year.

Sec. 217. 2013 1st sp.s. c ... (ESHB 1057) s 511 (uncodified) is amended to read as follows:

FOR PROGRAMS FOR HIGHLY CAPABLE STUDENTS

General Fund--State Appropriation (FY 2014)	\$9,377,000
General Fund--State Appropriation (FY 2015)	\$9,696,000
Education Legacy Trust Account--State Appropriation	\$34,000
TOTAL APPROPRIATION	(\$19,073,000)
	\$19,107,000

The appropriations in this section are subject to the following conditions and limitations:

(1) Each general fund fiscal year appropriation includes such funds as are necessary to complete the school year ending in the fiscal year and for prior fiscal year adjustments.

(2)(a) For the 2013-14 and 2014-15 school years, the superintendent shall allocate funding to school district programs for highly capable students as provided in RCW 28A.150.260(10)(c). In calculating the allocations, the superintendent shall assume the following: (i) Additional instruction of 2.1590 hours per week per funded highly capable program student; (ii) fifteen highly capable program students per teacher; (iii) 36 instructional weeks per year; (iv) 900 instructional hours per teacher; and (v) the district's average staff mix and compensation rates as provided in sections 503 and 504 of this act.

(b) From July 1, 2013, to August 31, 2013, the superintendent shall allocate funding to school districts programs for highly capable students as provided in section 511, chapter 50, Laws of 2011 1st sp. sess., as amended through section 511 of the 2013 omnibus supplemental operating appropriations act.

(3) \$85,000 of the general fund--state appropriation for fiscal year 2014 and \$85,000 of the general fund--state appropriation for fiscal year 2015 are provided solely for the centrum program at Fort Worden state park.

Sec. 218. 2013 1st sp.s. c ... (ESHB 1057) s 514 (uncodified) is amended to read as follows:

FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION--FOR TRANSITIONAL BILINGUAL PROGRAMS

General Fund--State Appropriation (FY 2014)	\$89,123,000	
General Fund--State Appropriation (FY 2015)	\$95,248,000	
General Fund--Federal Appropriation	\$71,016,000	
Education Legacy Trust Account--State Appropriation	\$12,869,000	
TOTAL APPROPRIATION	(\$255,387,000)	\$268,256,000

The appropriations in this section are subject to the following conditions and limitations:

(1) Each general fund fiscal year appropriation includes such funds as are necessary to complete the school year ending in the fiscal year and for prior fiscal year adjustments.

(2)(a) For the 2013-14 and 2014-15 school years, the superintendent shall allocate funding to school districts for transitional bilingual programs as provided in RCW 28A.150.260(10)(b). In calculating the allocations, the superintendent shall assume the following averages: (i) Additional instruction of 4.7780 hours per week per transitional bilingual program student in grades kindergarten through six in school years 2013-14 and 2014-15; (ii) additional instruction of ~~((4.7780))~~ 5.1850 hours per week in school year 2013-14 and ~~((4.7780 hours per week in))~~ school year 2014-15 per transitional bilingual program student in grades seven through eight; (iii) additional instruction of ~~((4.7780))~~ 5.8520 hours per week in school year 2013-14 and ~~((4.7780 hours per week in))~~ school year 2014-15 per transitional bilingual program student in grades nine through twelve; (iv) additional instruction of 1.0000 hours per week in school year 2013-14 for the head count number of students who have exited the transitional bilingual instruction program within the previous school year based on their performance on the English proficiency assessment; (v) additional instruction of 1.0000 hours per week in school year 2014-15 for the head count number of students who have exited the transitional bilingual instruction program within the previous two years based on their performance on the English proficiency assessment; (vi) fifteen transitional bilingual program students per teacher; ~~((vi))~~ (vii) 36 instructional weeks per year; ~~((vii))~~ (viii) 900 instructional hours per teacher; and ~~((viii))~~ (ix) the district's average staff mix and compensation rates as provided in sections 503 and 504 of this act.

(b) From July 1, 2013, to August 31, 2013, the superintendent shall allocate funding to school districts for transitional bilingual instruction programs as provided in section 514, chapter 50, Laws of 2011 1st sp. sess., as amended through section 512 of the 2013 omnibus supplemental operating appropriations act.

(3) The superintendent may withhold allocations to school districts in subsection (2) of this section solely for the central provision of assessments as provided in RCW 28A.180.090 (1) and (2) up to the following amounts: 1.86 percent for school year 2013-14 and 1.79 percent for school year 2014-15.

(4) The general fund--federal appropriation in this section is for migrant education under Title I Part C and English language acquisition, and language enhancement grants under Title III of the elementary and secondary education act.

(5) \$35,000 of the general fund--state appropriation for fiscal year 2014 and \$35,000 of the general fund--state appropriation for fiscal year 2015 are provided solely to track current and former transitional bilingual program students.

Sec. 219. 2013 1st sp.s. c ... (ESHB 1057) s 515 (uncodified) is amended to read as follows:

FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION--FOR THE LEARNING ASSISTANCE PROGRAM

General Fund--State Appropriation (FY 2014)	\$158,963,000	
General Fund--State Appropriation (FY 2015)	\$175,003,000	
General Fund--Federal Appropriation	\$448,434,000	
Education Legacy Trust Account--State Appropriation	\$275,000	
TOTAL APPROPRIATION	(\$782,400,000)	\$782,675,000

The appropriations in this section are subject to the following conditions and limitations:

(1) The general fund--state appropriations in this section are subject to the following conditions and limitations:

(a) The appropriations include such funds as are necessary to complete the school year ending in the fiscal year and for prior fiscal year adjustments.

(b)(i) For the 2013-14 and 2014-15 school years, the superintendent shall allocate funding to school districts for learning assistance programs as provided in RCW 28A.150.260(10)(a). In calculating the allocations, the superintendent shall assume the following averages: (A) Additional instruction of 1.9200 hours per week per funded learning assistance program student for the 2013-14 school year and the 2014-15 school year; (B) fifteen learning assistance program students per teacher; (C) 36 instructional weeks per year; (D) 900 instructional hours per teacher; and (E) the district's average staff mix and compensation rates as provided in sections 503 and 504 of this act.

(ii) From July 1, 2013, to August 31, 2013, the superintendent shall allocate funding to school districts for learning assistance programs as provided in section 515, chapter 50, Laws of 2011 1st sp. sess., as amended through section 513 of the 2013 omnibus supplemental operating appropriations act.

(c) A school district's funded students for the learning assistance program shall be the sum of the district's full-time equivalent enrollment in grades K-12 for the prior school year multiplied by the district's percentage of October headcount enrollment in grades K-12 eligible for free or reduced price lunch in the prior school year.

(2) Allocations made pursuant to subsection (1) of this section shall be adjusted to reflect ineligible applications identified through the annual income verification process required by the national school lunch program, as recommended in the report of the state auditor on the learning assistance program dated February, 2010.

(3) The general fund--federal appropriation in this section is provided for Title I Part A allocations of the no child left behind act of 2001.

(4) A school district may carry over from one year to the next up to 10 percent of the general fund--state funds allocated under this program; however, carryover funds shall be expended for the learning assistance program.

NEW SECTION. Sec. 220. A new section is added to 2013 1st. sp.s. c . . . (Engrossed Substitute House Bill 1057) (uncodified) to read as follows:

The sum of two million four hundred seventy thousand dollars is appropriated for the fiscal biennium ending June 30, 2015, from the education legacy trust account to the superintendent of public instruction for educational service districts. The appropriation in this section is provided solely for regional professional development related to English language arts curriculum and instructional strategies, in support of implementation of the common core state standards. Funding shall be distributed among each of the educational service districts as determined by the superintendent of public instruction. Each educational service district shall use this funding solely for salary and benefits for a certificated instructional staff with expertise in the appropriate subject matter and in professional development delivery, and for travel, materials, and other expenditures related to providing regional professional development support.

NEW SECTION. Sec. 221. A new section is added to 2013 1st. sp.s. c . . . (Engrossed Substitute House Bill 1057) (uncodified) to read as follows:

The sum of two million sixty-one thousand dollars is appropriated for the fiscal biennium ending June 30, 2015, from the education legacy trust account to the superintendent of public instruction. The amount in this section is provided solely for chapter 184, Laws of 2013 (Second Substitute House Bill 1642) (academic acceleration). Of the amount appropriated in this section, forty-nine thousand is provided as one-time funding.

Part III

Transfers to Education Legacy Trust Account

NEW SECTION. Sec. 301. A new section is added to chapter 82.32 RCW to read as follows:

(1) By the last workday of the second and fourth calendar quarters, the state treasurer must transfer the amount specified in subsection (2) of this section from the general fund to the education legacy trust account. The first transfer under this subsection (1) must occur by December 31, 2013.

(2) By December 15th and by June 15th of each year, the department must estimate the increase in state general fund revenues from the changes made under part I of this act for the current and prior calendar quarters and notify the state treasurer of the increase.

NEW SECTION. Sec. 302. A new section is added to chapter 43.135 RCW to read as follows:

RCW 43.135.034(4) does not apply to the transfers under section 301 of this act.

NEW SECTION. Sec. 303. A new section is added to chapter 39.42 RCW to read as follows:

The purpose of repealing or narrowing tax preferences in part I of this act is to support education-related expenditures from the education legacy trust account. For this reason, general state revenues transferred to the education legacy trust account under section 301 of this act are excluded from the calculation of general state revenues for purposes of Article VIII, section 1 of the state Constitution and RCW 39.42.130 and 39.42.140.

Part IV

Miscellaneous Technical Provisions

NEW SECTION. Sec. 401. (1) Except as otherwise provided in this section, this act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect July 1, 2013.

(2) Sections 101, 103 through 108, 111, and 112 of this act are necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and take effect August 1, 2013.

(3) Sections 209 through 213 of this act are necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and take effect September 1, 2013.

NEW SECTION. Sec. 402. Section 102 of this act takes effect July 1, 2015.

NEW SECTION. Sec. 403. Section 101 of this act expires July 1, 2015."

Correct the title.

Amendment (521) was adopted.

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

With the consent of the house, amendments 510, 507, 514, and 499 were withdrawn.

The bill was ordered engrossed.

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

Representatives Carlyle, Tharinger and Sullivan spoke in favor of the passage of the bill.

Representatives Orcutt, Dahlquist and Alexander spoke against the passage of the bill.

The Speaker (Representative Moeller presiding) stated the question before the House to be the final passage of Engrossed Substitute House Bill No. 2034.

ROLL CALL

The Clerk called the roll on the final passage of Engrossed Substitute House Bill No. 2034, and the bill passed the House by the following vote: Yeas, 52; Nays, 40; Absent, 0; Excused, 5.

Voting yea: Representatives Appleton, Bergquist, Blake, Carlyle, Clibborn, Cody, Dunshee, Farrell, Fey, Fitzgibbon, Freeman, Goodman, Green, Habib, Haigh, Hansen, Hudgins, Hunt, Hunter, Jinkins, Kagi, Kirby, Lias, Lytton, Maxwell, McCoy, Moeller, Morrell, Moscoso, Ormsby, Orwall, Pedersen, Pettigrew,

Pollet, Reykdal, Riccelli, Roberts, Ryu, Santos, Sawyer, Seaquist, Sells, Springer, Stanford, Sullivan, Takko, Tarleton, Tharinger, Upthegrove, Van De Wege, Wylie and Mr. Speaker.

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

Excused: Representatives Crouse, Hope, Morris, Nealey and Rodne.

ENGROSSED SUBSTITUTE HOUSE BILL NO. 2034, having received the necessary constitutional majority, was declared passed.

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

There being no objection, the House adjourned until 12:00 p.m., June 7, 2013, the 26th Day of the 1st Special Session.

FRANK CHOPP, Speaker

BARBARA BAKER, Chief Clerk

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