

## TWENTY NINTH DAY

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MORNING SESSION

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Senate Chamber, Olympia, Monday, April 12, 2010

The Senate was called to order at 9:00 a.m. by the President Pro Tempore. The Secretary called the roll and announced to the President Pro Tempore that all Senators were present with the exception of Senators Delvin, Holmquist, McCaslin and Stevens.

The Sergeant at Arms Color Guard consisting of Senate employees Stephen Malmstrom and Gary Humboch, presented the Colors. Reverend Jim Erlanson, Community of Christ Church of Olympia offered the prayer.

## MOTION

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

## MOTION

There being no objection, the Senate advanced to the first order of business.

## REPORTS OF STANDING COMMITTEES

April 11, 2010

EHB 2561 Prime Sponsor, Representative Dunshee: Funding construction of energy cost saving improvements to public facilities. Reported by Committee on Ways & Means

MAJORITY recommendation: Do pass as amended. Signed by Senators Prentice, Chair; Fraser, Vice Chair, Capital Budget Chair; Fairley; Hobbs; Keiser; Kline; Kohl-Welles; McDermott; Murray; Oemig; Pridemore; Regala and Rockefeller.

MINORITY recommendation: Do not pass. Signed by Senators Zarelli; Parlette; Pflug and Schoesler.

MINORITY recommendation: That it be referred without recommendation. Signed by Senator Brandland.

Passed to Committee on Rules for second reading.

April 11, 2010

2SHB 2576 Prime Sponsor, Committee on Ways & Means: Restructuring fees for the division of corporations and affirming authority to establish fees for the charities program of the office of the secretary of state. Reported by Committee on Ways & Means

MAJORITY recommendation: Do pass. Signed by Senators Prentice, Chair; Fraser, Vice Chair, Capital Budget Chair; Fairley; Keiser; Kline; Kohl-Welles; McDermott; Murray; Oemig; Pridemore; Regala and Rockefeller.

MINORITY recommendation: Do not pass. Signed by Senators Zarelli; Parlette; Pflug and Schoesler.

MINORITY recommendation: That it be referred without recommendation. Signed by Senator Brandland.

Passed to Committee on Rules for second reading.

April 11, 2010

E2SHB 2630 Prime Sponsor, Committee on Education Appropriations: Creating the opportunity express program. Reported by Committee on Ways & Means

MAJORITY recommendation: Do pass as amended. Signed by Senators Prentice, Chair; Fraser, Vice Chair, Capital Budget Chair; Fairley; Hobbs; Keiser; Kline; Kohl-Welles; McDermott; Murray; Oemig; Regala and Rockefeller.

MINORITY recommendation: Do not pass. Signed by Senator Pflug.

MINORITY recommendation: That it be referred without recommendation. Signed by Senators Zarelli; Brandland; Parlette and Schoesler.

Passed to Committee on Rules for second reading.

April 11, 2010

HB 2694 Prime Sponsor, Representative Sells: Regarding a bachelor of science in nursing program at the University Center. Reported by Committee on Ways & Means

MAJORITY recommendation: Do pass as amended. Signed by Senators Prentice, Chair; Fraser, Vice Chair, Capital Budget Chair; Zarelli; Brandland; Fairley; Hobbs; Keiser; Kline; Kohl-Welles; McDermott; Murray; Oemig; Parlette; Regala and Rockefeller.

MINORITY recommendation: That it be referred without recommendation. Signed by Senators Pflug and Schoesler.

Passed to Committee on Rules for second reading.

## MOTION

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

## MOTION

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

## MESSAGE FROM THE HOUSE

April 10, 2010

MR. PRESIDENT:

The House has passed:

ENGROSSED HOUSE BILL NO. 1690

and the same is herewith transmitted.

BARBARA BAKER, Chief Clerk

## MOTION

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

## INTRODUCTION AND FIRST READING

EHB 1690 by Representatives Hasegawa, Hunt, Hudgins, Anderson and Kenney

AN ACT Relating to public works projects; amending RCW 39.10.200, 39.10.230, 35.82.200, and 43.131.408; and creating a new section.

## MOTION

On motion of Senator Eide, the rules were suspended and Engrossed House Bill No. 1690 was placed on the second reading calendar.

## MOTION

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

## MOTION

Senator McAuliffe moved adoption of the following resolution:

SENATE RESOLUTION  
8725

By Senators McAuliffe, Murray, Kohl-Welles, Prentice, McDermott, Kline, Gordon, Eide, Keiser, Brandland, Morton, Becker, Jacobsen, and Fairley

WHEREAS, Will Johnson, a University of Washington senior majoring in computer science and mathematics, has been named a Putnam Fellow for finishing among the top five students in this elite college-math competition among 4,036 competitors; and

WHEREAS, Will Johnson is the first University of Washington student to win a Putnam Fellowship since the competition was initiated in 1938; and

WHEREAS, Will Johnson, a Washington student, grew up in Kenmore and attended Inglemoor High School; and

WHEREAS, Will Johnson's University of Washington math professor, Ioana Dumitriu, the first woman to win a Putnam in 1996, has described Will Johnson as a "once in a generation" student; and

WHEREAS, Will Johnson also participated in last year's competition where he finished sixth;

NOW, THEREFORE, BE IT RESOLVED, That the Washington State Senate recognize that the support of his teachers and his family have contributed to Will Johnson's ability to achieve this prestigious academic award; and

BE IT FURTHER RESOLVED, That copies of this resolution be immediately transmitted by the Secretary of the Senate to Will Johnson.

Senator McAuliffe spoke in favor of adoption of the resolution.

The President Pro Tempore declared the question before the Senate to be the adoption of Senate Resolution No. 8725.

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

## MOTION

At 9:45 a.m., on motion of Senator Eide, the Senate was declared to be at ease subject to the call of the President.

The Senate was called to order at 10:58 a.m. by President Owen.

## MOTION

Senator Eide moved that Senate Rule 45.1 be suspended for the remainder of the day to allow for public hearings with less than five days notice.

## MOTION

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

## SECOND READING

SECOND SUBSTITUTE HOUSE BILL NO. 2576, by House Committee on Ways & Means (originally sponsored by Representatives Kenney, Liias, Moeller, Pedersen and Armstrong)

Restructuring fees for the division of corporations and affirming authority to establish fees for the charities program of the office of the secretary of state.

The measure was read the second time.

## MOTION

On motion of Senator Prentice, the rules were suspended, Second Substitute House Bill No. 2576 was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senators Prentice and Brown spoke in favor of passage of the bill.

Senators Schoesler, Benton, Pflug and Roach spoke against passage of the bill.

The President declared the question before the Senate to be the final passage of Second Substitute House Bill No. 2576.

## ROLL CALL

The Secretary called the roll on the final passage of Second Substitute House Bill No. 2576 and the bill passed the Senate by the following vote: Yeas, 26; Nays, 19; Absent, 4; Excused, 0.

Voting yeas: Senators Berkey, Brown, Eide, Fairley, Franklin, Fraser, Gordon, Hargrove, Hatfield, Jacobsen, Kastama, Kauffman, Keiser, Kline, Kohl-Welles, McAuliffe, McDermott, Murray, Oemig, Prentice, Pridemore, Ranker, Regala, Rockefeller, Shin and Tom

Voting nay: Senators Becker, Benton, Brandland, Carrell, Haugen, Hewitt, Hobbs, Honeyford, Kilmer, King, Marr, Morton, Parlette, Pflug, Roach, Schoesler, Sheldon, Swecker and Zarelli

Absent: Senators Delvin, Holmquist, McCaslin and Stevens

SECOND SUBSTITUTE HOUSE BILL NO. 2576, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

## MOTION

On motion of Senator Brandland, Senators Delvin, Holmquist, McCaslin and Stevens were excused.

TWENTY NINTH DAY, APRIL 12, 2010  
SECOND READING

ENGROSSED SECOND SUBSTITUTE HOUSE BILL NO. 2630, by House Committee on Education Appropriations (originally sponsored by Representatives Probst, Kenney, Conway, Maxwell, Jacks, White, Simpson, Seaquist, Sells, Goodman, Ormsby and Santos)

Creating the opportunity express program.

The measure was read the second time.

### MOTION

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

Strike everything after the enacting clause and insert the following:

**"NEW SECTION. Sec. 1.** (1) The legislature finds that in times of severe economic recession, the state has a special obligation to help unemployed and low-income citizens access the training and education necessary to help them find and keep living wage jobs. The legislature also finds that during times of recession, when state revenues are at their lowest, demand for education and training are at their highest, making it especially important for the legislature to set clear goals and make the most efficient use of limited state resources.

(2) The legislature therefore intends to expand training and education programs, which have proven to be successful, to help Washington citizens receive the training they need. These programs include the worker retraining program, the opportunity grant program, and the opportunity internship program. The legislature further intends to create more effective intake and outreach systems to reach the greatest number of citizens and connect them to the resources they need, including college, apprenticeship, and preapprenticeship.

**Sec. 2.** RCW 28C.04.390 and 1999 c 121 s 1 are each amended to read as follows:

(1) The college board worker retraining program funds shall be used for training programs and related support services, including financial aid, counseling, referral to training resources, job referral, and job development that:

(a) Are consistent with the unified plan for workforce development;  
(b) Provide increased enrollments for dislocated workers;  
(c) Provide customized training opportunities for dislocated workers; and  
(d) Provide increased enrollments and support services, including financial aid for those students not receiving unemployment insurance benefits, that do not replace or supplant any existing enrollments, programs, support services, or funding sources.

(2) The college board shall develop a plan for use of the worker retraining program funds in conjunction with the workforce training customer advisory committee established in subsection (3) of this section. In developing the plan the college board shall:

(a) Provide that applicants for worker retraining program funds shall solicit financial support for training programs and give priority in receipt of funds to those applicants which are most successful in matching public dollars with financial support;

(b) Provide that applicants for worker retraining program funds shall develop training programs in partnership with local businesses, industry associations, labor, and other partners as appropriate and give priority in receipt of funds to those applicants who develop

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customized training programs in partnership with local businesses, industry associations, and labor organizations;

(c) Give priority in receipt of funds to those applicants serving rural areas;

(d) Ensure that applicants receiving worker retraining program funds gather information from local workforce development councils on employer workforce needs, including the needs of businesses with less than twenty-five employees; ((and))

(e) Provide for specialized vocational training at a private career school or college at the request of a recipient eligible under subsection (1)(b) of this section. Available tuition for the training is limited to the amount that would otherwise be payable per enrolled quarter to a public institution; and

(f) Give priority in receipt of funds to those applicants working toward careers in the aerospace, health care, advanced manufacturing, construction, and renewable energy industries; high-demand occupations in strategic industry clusters identified in the state comprehensive plan and the workforce development councils' local comprehensive plans for workforce educational training as identified in RCW 28C.18.080 and 28C.18.150; and occupations and industries identified by community and technical colleges in collaboration with local workforce development councils. For purposes of this section, health care includes long-term care.

(3) The executive director of the college board shall appoint a workforce training customer advisory committee by July 1, 1999, to:

(a) Assist in the development of the plan for the use of the college board worker retraining program funds and recommend guidelines to the college board for the operation of worker retraining programs;

(b) Recommend selection criteria for worker retraining programs and grant applicants for receipt of worker retraining program grants;

(c) Provide advice to the college board on other workforce development activities of the community and technical colleges;

(d) Recommend selection criteria for job skills grants, consistent with criteria established in this chapter and chapter 121, Laws of 1999. Such criteria shall include a prioritization of job skills applicants in rural areas;

(e) Recommend guidelines to the college board for the operation of the job skills program; and

(f) Recommend grant applicants for receipt of job skills program grants.

(4) Members of the workforce training customer advisory committee shall consist of three college system representatives selected by the executive director of the college board, three representatives of business selected from nominations provided by statewide business organizations, and three representatives of labor selected from nominations provided by a statewide labor organization representing a cross-section of workers in the state.

**NEW SECTION. Sec. 3.** A new section is added to chapter 28B.50 RCW to read as follows:

By July 1, 2010, and within existing resources, the college board may create a single web site for the purpose of advertising the availability of opportunity express funding to Washington citizens; explaining that opportunity express helps people who want to pursue college and apprenticeship for certain targeted industries; and explaining that opportunity express includes the following tracks: Worker retraining for unemployed adults; training programs approved by the commissioner of the employment security department, training programs administered by labor and management partnerships, and training programs prioritized by industry, for unemployed adults and incumbent workers; opportunity internships for high school students; and opportunity

grants for low-income adults. The web site may also direct interested individuals to the appropriate local intake office. The web site may also include a link to the Washington state department of labor and industries apprenticeship program.

**Sec. 4.** RCW 28C.18.164 and 2009 c 238 s 4 are each amended to read as follows:

(1) Opportunity internship consortia may apply to the board to offer an opportunity internship program.

(a) The board, in consultation with the Washington state apprenticeship and training council, may select those consortia that demonstrate the strongest commitment and readiness to implement a high quality opportunity internship program for low-income high school students. The board shall place a priority on consortia with demonstrated experience working with similar populations of students and demonstrated capacity to assist a large number of students through the progression of internship or preapprenticeship, high school graduation, postsecondary education, and retention in a high-demand occupation. The board shall place a priority on programs that emphasize secondary career and technical education and nonbaccalaureate postsecondary education; however, programs that target four-year postsecondary degrees are eligible to participate.

(b)(i) Except as provided in (b)(ii) of this subsection (1), the board shall enter into a contract with each consortium selected to participate in the program. No more than ten consortia per year shall be selected to participate in the program, and to the extent possible, the board shall assure a geographic distribution of consortia in regions across the state emphasizing a variety of targeted industries. Each consortium may select no more than one hundred low-income high school students per year to participate in the program.

(ii) For fiscal years 2011 through 2013, the board shall enter into a contract with each consortium selected to participate in the program. No more than twelve consortia per year shall be selected to participate in the program, and to the extent possible, the board shall assure a geographic distribution of consortia in regions across the state emphasizing a variety of targeted industries. No more than five thousand low-income high school students per year may be selected to participate in the program.

(2) Under the terms of an opportunity internship program contract, an opportunity internship consortium shall commit to the following activities which shall be conducted using existing federal, state, local, or private funds available to the consortium:

(a) Identify high-demand occupations in targeted industries for which opportunity internships or preapprenticeships shall be developed and provided;

(b) Develop and implement the components of opportunity internships, including paid or unpaid internships or preapprenticeships of at least ninety hours in length in high-demand occupations with employers in the consortium, mentoring and guidance for students who participate in the program, assistance with applications for postsecondary programs and financial aid, and a guarantee of a job interview with a participating employer for all opportunity internship graduates who successfully complete a postsecondary program of study;

(c) Once the internship or preapprenticeship components have been developed, conduct outreach efforts to inform low-income high school students about high-demand occupations, the opportunity internship program, options for postsecondary programs of study, and the incentives and opportunities provided to students who participate in the program;

(d) Obtain appropriate documentation of the low-income status of students who participate in the program;

(e) Maintain communication with opportunity internship graduates of the consortium who enroll in postsecondary programs of study; and

(f) Submit an annual report to the board on the progress of and participation in the opportunity internship program of the consortium.

(3) Opportunity internship consortia are encouraged to:

(a) Provide paid opportunity internships or preapprenticeships, including during the summer months to encourage students to stay enrolled in high school;

(b) Work with high schools to offer opportunity internships as approved worksite learning experiences where students can earn high school credit;

(c) Designate the local workforce development council as fiscal agent for the opportunity internship program contract;

(d) Work with area high schools to incorporate the opportunity internship program into comprehensive guidance and counseling programs such as the navigation 101 program; and

(e) Coordinate the opportunity internship program with other workforce development and postsecondary education programs, including opportunity grants, the college bound scholarship program, federal workforce investment act initiatives, and college access challenge grants.

(4) The board shall seek federal funds that may be used to support the opportunity internship program, including providing the incentive payments under RCW 28C.18.168.

**NEW SECTION. Sec. 5.** A new section is added to chapter 28B.50 RCW to read as follows:

A separate and identifiable account, which shall be known as the opportunity express account, is established. Moneys in the account may be spent only after appropriation. Moneys in the account shall be used only for the worker retraining program, training programs approved by the commissioner of the employment security department, training programs administered by labor and management partnerships, industry-prioritized training programs, training programs that facilitate career progression in health care occupations, the opportunity internship program, and the opportunity grant program, and for administrative costs related to these programs. Moneys in the account shall be used to supplement, not supplant, existing funding for the opportunity grant program.

**NEW SECTION. Sec. 6.** This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect immediately."

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

## MOTION

Senator Hargrove moved that the following amendment by Senators Hargrove and Kilmer to the committee striking amendment be adopted:

On page 2, line 32, after "construction," insert "forest product".

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

The President declared the question before the Senate to be the adoption of the amendment by Senators Hargrove and Kilmer on page 2, line 32 to the committee striking amendment to Engrossed Second Substitute House Bill No. 2630.

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

The President declared the question before the Senate to be the adoption of the committee striking amendment by the Committee on Ways & Means as amended to Engrossed Second Substitute House Bill No. 2630.

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

#### MOTION

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

On page 1, line 1 of the title, after "program;" strike the remainder of the title and insert "amending RCW 28C.04.390 and 28C.18.164; adding new sections to chapter 28B.50 RCW; creating a new section; and declaring an emergency."

#### MOTION

On motion of Senator Prentice, the rules were suspended, Engrossed Second Substitute House Bill No. 2630 as amended by the Senate was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senators Prentice and Sheldon spoke in favor of passage of the bill.

Senator Pflug spoke against passage of the bill.

The President declared the question before the Senate to be the final passage of Engrossed Second Substitute House Bill No. 2630 as amended by the Senate.

#### ROLL CALL

The Secretary called the roll on the final passage of Engrossed Second Substitute House Bill No. 2630 as amended by the Senate and the bill passed the Senate by the following vote: Yeas, 34; Nays, 11; Absent, 0; Excused, 4.

Voting yea: Senators Benton, Berkey, Brown, Eide, Fairley, Franklin, Fraser, Gordon, Hargrove, Hatfield, Hobbs, Jacobsen, Kastama, Kauffman, Keiser, Kilmer, King, Kline, Kohl-Welles, Marr, McAuliffe, McDermott, Murray, Oemig, Prentice, Pridemore, Ranker, Regala, Roach, Rockefeller, Sheldon, Shin, Swecker and Tom

Voting nay: Senators Becker, Brandland, Carrell, Haugen, Hewitt, Honeyford, Morton, Parlette, Pflug, Schoesler and Zarelli  
Excused: Senators Delvin, Holmquist, McCaslin and Stevens  
ENGROSSED SECOND SUBSTITUTE HOUSE BILL NO. 2630 as amended by the Senate, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

#### MOTION

On motion of Senator Eide, Engrossed Second Substitute House Bill No. 2630 was immediately transmitted to the House of Representatives.

#### SECOND READING

HOUSE BILL NO. 2694, by Representatives Sells, White, McCoy, Kenney, Ericks, O'Brien, Roberts and Chase

Regarding a bachelor of science in nursing program at the University Center.

The measure was read the second time.

#### MOTION

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

Strike everything after the enacting clause and insert the following:

**"NEW SECTION. Sec. 1.** A new section is added to chapter 28B.50 RCW to read as follows:

(1) RCW 28B.50.901 assigns responsibility for the north Snohomish, Island, and Skagit counties' higher education consortium to Everett Community College. In April of 2009, Everett Community College opened Gray Wolf Hall, the new home of the University Center of North Puget Sound. The University Center currently offers over twenty bachelor's and master's degrees from six partner universities.

(2) Although Everett Community College offers an associate degree nursing program that graduates approximately seventy to ninety students per year, the University Center does not offer a bachelor of science in nursing. Some graduates of the Everett Community College program are able to articulate to the bachelor of science in nursing program offered by the University of Washington-Bothell at its Bothell campus or in Mt. Vernon but current capacity is not sufficient for all of the graduates who are both interested and qualified.

(3) Despite recent growth in nursing education capacity, shortages still persist for registered nurses. According to a June 2007 study by the Washington, Wyoming, Alaska, Montana, and Idaho center for health workforce studies, the average age of Washington's registered nurses was forty-eight years. More than a third were fifty-five years of age or older. Consequently, the high rate of registered nurses retiring from nursing practice over the next two decades will significantly reduce the supply. This reduction comes at the same time as the state's population grows and ages. The registered nurse education capacity in Washington has a large impact on the supply of registered nurses in the state. If the rate of graduation in registered nursing does not increase, projections show that supply in Washington will begin to decline by 2015. In contrast, if graduation rates increased by four hundred per year, the supply of registered nurses would meet estimated demand by the year 2021.

(4) Subject to specific funding to support up to fifty full-time equivalent students in a bachelor of nursing program, the University Center at Everett Community College, in partnership with the University of Washington-Bothell, shall offer a bachelor of science in nursing program with capacity for up to fifty full-time students.

**NEW SECTION. Sec. 2.** 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, 2010.

**NEW SECTION. Sec. 3.** If specific funding for the purposes of this act, referencing this act by bill or chapter number, is not provided by June 30, 2010, in the omnibus appropriations act, this act is null and void."

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

The President declared the question before the Senate to be the adoption of the committee striking amendment by the Committee on Ways & Means to House Bill No. 2694.

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

#### MOTION

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

On page 1, line 2 of the title, after "Center;" strike the remainder of the title and insert "adding a new section to chapter 28B.50 RCW; creating a new section; providing an effective date; and declaring an emergency."

#### MOTION

On motion of Senator Prentice, the rules were suspended, House Bill No. 2694 as amended by the Senate was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senator Prentice spoke in favor of passage of the bill.

Senator Pflug spoke against passage of the bill.

The President declared the question before the Senate to be the final passage of House Bill No. 2694 as amended by the Senate.

#### ROLL CALL

The Secretary called the roll on the final passage of House Bill No. 2694 as amended by the Senate and the bill passed the Senate by the following vote: Yeas, 43; Nays, 2; Absent, 0; Excused, 4.

Voting yea: Senators Becker, Benton, Berkey, Brandland, Brown, Carrell, Eide, Fairley, Franklin, Fraser, Gordon, Hargrove, Hatfield, Haugen, Hewitt, Hobbs, Honeyford, Jacobsen, Kastama, Kauffman, Keiser, Kilmer, King, Kline, Kohl-Welles, Marr, McAuliffe, McDermott, Morton, Murray, Oemig, Parlette, Prentice, Pridemore, Ranker, Regala, Roach, Rockefeller, Sheldon, Shin, Svecker, Tom and Zarelli

Voting nay: Senators Pflug and Schoesler

Excused: Senators Delvin, Holmquist, McCaslin and Stevens

HOUSE BILL NO. 2694 as amended by the Senate, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

#### SECOND READING

ENGROSSED SUBSTITUTE HOUSE BILL NO. 2493, by Representatives Cody, Williams, Pedersen, Kagi, Nelson, Orwall, McCoy, Dickerson, White, Hunt, Darneille, Moeller and Roberts

Concerning the taxation of cigarettes and other tobacco products.

The measure was read the second time.

#### MOTION

Senator Tom moved that the following amendment by Senator Tom be adopted:

On page 9, at the beginning of line 10, strike "April" and insert "May"

On page 9, line 14, after "after" strike "April" and insert "May"

On page 9, at the beginning of line 23, strike "April" and insert "May"

Senator Tom spoke in favor of adoption of the amendment.

The President declared the question before the Senate to be the adoption of the amendment by Senator Tom on page 9, line 10 to Engrossed Substitute House Bill No. 2493.

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

#### MOTION

On motion of Senator Tom, the rules were suspended, Engrossed Substitute House Bill No. 2493 as amended by the Senate was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senators Tom, Marr and Murray spoke in favor of passage of the bill.

Senator Pflug spoke against passage of the bill.

Senator Hewitt spoke on final passage of the bill.

The President declared the question before the Senate to be the final passage of Engrossed Substitute House Bill No. 2493 as amended by the Senate.

#### ROLL CALL

The Secretary called the roll on the final passage of Engrossed Substitute House Bill No. 2493 as amended by the Senate and the bill passed the Senate by the following vote: Yeas, 28; Nays, 17; Absent, 0; Excused, 4.

Voting yea: Senators Berkey, Brown, Eide, Fairley, Franklin, Fraser, Gordon, Hargrove, Hatfield, Haugen, Hobbs, Jacobsen, Kastama, Kauffman, Keiser, Kilmer, Kline, Kohl-Welles, Marr, McAuliffe, McDermott, Murray, Oemig, Prentice, Ranker, Regala, Rockefeller and Tom

Voting nay: Senators Becker, Benton, Brandland, Carrell, Hewitt, Honeyford, King, Morton, Parlette, Pflug, Pridemore, Roach, Schoesler, Sheldon, Shin, Svecker and Zarelli

Excused: Senators Delvin, Holmquist, McCaslin and Stevens

HOUSE BILL NO. 2493 as amended by the Senate, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

#### MOTION

At 11:41 a.m., on motion of Senator Eide, the Senate was declared to be at ease subject to the call of the President.

#### AFTERNOON SESSION

The Senate was called to order at 4:11 p.m. by President Owen.

#### MOTION

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

#### SUPPLEMENTAL REPORTS OF STANDING COMMITTEES

April 12, 2010

ESHB 2836 Prime Sponsor, Committee on Capital Budget: Concerning the capital budget. Reported by Committee on Ways & Means

MAJORITY recommendation: Do pass as amended. Signed by Senators Prentice, Chair; Fraser, Vice Chair, Capital Budget Chair; Tom, Vice Chair, Operating Budget; Brandland; Fairley; Hobbs; Keiser; Kline; Kohl-Welles; McDermott; Murray; Oemig; Pridemore; Regala and Rockefeller.

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MINORITY recommendation: Do not pass. Signed by  
Senators Zarelli; Hewitt; Honeyford; Parlette and Schoesler.

Passed to Committee on Rules for second reading.

MOTION

On motion of Senator Eide, the rules were suspended and Engrossed Substitute House Bill No. 2836 was placed on the second reading calendar.

MOTION

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

MESSAGE FROM THE HOUSE

April 12, 2010

MR. PRESIDENT:

The House concurred in the Senate amendments to the following bills and passed the bills as amended by the Senate:

ENGROSSED SECOND SUBSTITUTE HOUSE BILL  
2630,  
HOUSE BILL 2694.

and the same are herewith transmitted.

BARBARA BAKER, Chief Clerk

MESSAGE FROM THE HOUSE

April 12, 2010

MR. PRESIDENT:

The House has passed:

HOUSE BILL NO. 3219.

and the same is herewith transmitted.

BARBARA BAKER, Chief Clerk

MOTION

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

SUPPLEMENTAL INTRODUCTION AND FIRST READING  
OF HOUSE BILLS

HB 3219 by Representatives Goodman, Rodne,  
Pedersen, Hudgins, Chase and Upthegrove

AN ACT Relating to technical corrections to the Revised Code of Washington; amending RCW 6.17.160, 6.27.140, 24.55.075, 36.16.050, 36.70A.070, 41.45.150, 67.28.180, and 82.45.180; amending 2010 c 204 s 1105 (uncodified); amending 2010 1st sp.s. c 7 s 132 (uncodified); amending 2010 1st sp.s. c 7 s 150 (uncodified); reenacting RCW 28B.67.030; repealing 2010 1st sp.s. c 7 s 151 (uncodified); providing an effective date; and declaring an emergency.

MOTION

On motion of Senator Eide, the rules were suspended and House Bill No. 3219 was placed on the second reading calendar.

2010 1ST SPECIAL SESSION

MOTION

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

SIGNED BY THE PRESIDENT

The President signed:

ENGROSSED SUBSTITUTE SENATE BILL 6503,  
SENATE JOINT RESOLUTION 8225.

SECOND READING

ENGROSSED HOUSE BILL NO. 1690, by Representatives Hasegawa, Hunt, Hudgins, Anderson and Kenney

Authorizing alternative public works contracting procedures.

The measure was read the second time.

MOTION

Senator Regala moved that the following striking amendment by Senator Regala be adopted:

Strike everything after the enacting clause and insert the following:

"NEW SECTION. Sec. 1. The establishment of alternative public works contracting procedures authorized for use by public bodies has been a complex, controversial, and challenging undertaking, but it has been successful. The key to the successful adoption and consideration of these procedures has depended, in great part, on the review and oversight mechanisms put in place by the legislature in chapter 39.10 RCW, as well as the countless hours of dedicated work by numerous stakeholders over many years. It is the intent of the legislature to clarify that, unless otherwise specifically provided for in law, public bodies that want to use an alternative public works contracting procedure may use only those procedures specifically authorized in chapter 39.10 RCW.

Sec. 2. RCW 39.10.200 and 2007 c 494 s 1 are each amended to read as follows:

The legislature finds that the traditional process of awarding public works contracts in lump sum to the lowest responsible bidder is a fair and objective method of selecting a contractor. However, under certain circumstances, alternative public works contracting procedures may best serve the public interest if such procedures are implemented in an open and fair process based on objective and equitable criteria. The purpose of this chapter is to authorize the use of certain supplemental alternative public works contracting procedures, to prescribe appropriate requirements to ensure that such contracting procedures serve the public interest, and to establish a process for evaluation of such contracting procedures. It is the intent of the legislature to establish that, unless otherwise specifically provided for in law, public bodies may use only those alternative public works contracting procedures specifically authorized in this chapter, subject to the requirements of this chapter.

Sec. 3. RCW 39.10.230 and 2009 c 75 s 1 are each amended to read as follows:

The board has the following powers and duties:

(1) Develop and recommend to the legislature policies to further enhance the quality, efficiency, and accountability of capital construction projects through the use of traditional and alternative delivery methods in Washington, and make recommendations regarding expansion, continuation, elimination, or modification of the alternative public works contracting methods;

(2) Evaluate the use of existing contracting procedures and the potential future use of other alternative contracting procedures including competitive negotiation contracts;

(3) (Develop guidelines to be used by the committee for the review and approval of design build demonstration projects that procure operations and maintenance services) Submit recommendations to the appropriate committees of the legislature evaluating alternative contracting procedures that are not authorized under this chapter;

(4) Appoint members of the committee; and

(5) Develop and administer questionnaires designed to provide quantitative and qualitative data on alternative public works contracting procedures on which evaluations are based.

**Sec. 4.** RCW 35.82.200 and 1965 c 7 s 35.82.200 are each amended to read as follows:

(1) In addition to the powers conferred upon an authority by other provisions of this chapter, an authority is empowered to borrow money or accept contributions, grants or other financial assistance from the federal government for or in aid of any housing project within its area of operation, to take over or lease or manage any housing project or undertaking constructed or owned by the federal government, and to these ends, to comply with such conditions and enter into such mortgages, trust indentures, leases or agreements as may be necessary, convenient or desirable. It is the purpose and intent of this chapter to authorize every authority to do any and all things necessary or desirable to secure the financial aid or cooperation of the federal government in the undertaking, construction, maintenance or operation of any housing project by such authority.

(2) All housing authorities shall be subject to the provisions of chapter 39.10 RCW except where alternative requirements or procedures of federal law or federal regulation are authorized.

(3) The requirements of chapter 39.12 RCW regarding prevailing wages shall apply to housing authority public works except where specifically preempted by federal law or federal regulation."

**Sec. 5.** RCW 43.131.408 and 2007 c 494 s 507 are each amended to read as follows:

The following acts or parts of acts, as now existing or hereafter amended, are each repealed, effective June 30, 2014:

(1) RCW 39.10.200 and section 2 of this act, 2007 c 494 s 1, & 1994 c 132 s 1;

(2) RCW 39.10.210 and 2007 c 494 s 101 & 2005 c 469 s 3;

(3) RCW 39.10.220 and 2007 c 494 s 102 & 2005 c 377 s 1;

(4) RCW 39.10.230 and section 3 of this act, 2009 c 75 s 1, 2007

c 494 s 103, & 2005 c 377 s 2;

(5) RCW 39.10.240 and 2007 c 494 s 104;

(6) RCW 39.10.250 and 2007 c 494 s 105;

(7) RCW 39.10.260 and 2007 c 494 s 106;

(8) RCW 39.10.270 and 2007 c 494 s 107;

(9) RCW 39.10.280 and 2007 c 494 s 108;

(10) RCW 39.10.290 and 2007 c 494 s 109;

(11) RCW 39.10.300 and 2007 c 494 s 201, 2003 c 352 s 2, 2003 c 300 s 4, 2002 c 46 s 1, & 2001 c 328 s 2;

(12) ((RCW 39.10.310 and 2007 c 494 s 202 & 1994 c 132 s 8;

(13)) RCW 39.10.320 and 2007 c 494 s 203 & 1994 c 132 s 7;

((+4)) (13) RCW 39.10.330 and 2007 c 494 s 204;

((+5)) (14) RCW 39.10.340 and 2007 c 494 s 301, 2003 c 352

s 3, 2003 c 300 s 5, 2002 c 46 s 2, & 2001 c 328 s 3;

((+6)) (15) RCW 39.10.350 and 2007 c 494 s 302;

((+7)) (16) RCW 39.10.360 and 2007 c 494 s 303;

((+8)) (17) RCW 39.10.370 and 2007 c 494 s 304;

((+9)) (18) RCW 39.10.380 and 2007 c 494 s 305;

((+10)) (19) RCW 39.10.390 and 2007 c 494 s 306;

((+11)) (20) RCW 39.10.400 and 2007 c 494 s 307;

((+12)) (21) RCW 39.10.410 and 2007 c 494 s 308;

((+23)) (22) RCW 39.10.420 and 2007 c 494 s 401 & 2003 c 301 s 1;

((+24)) (23) RCW 39.10.430 and 2007 c 494 s 402;

((+25)) (24) RCW 39.10.440 and 2007 c 494 s 403;

((+26)) (25) RCW 39.10.450 and 2007 c 494 s 404;

((+27)) (26) RCW 39.10.460 and 2007 c 494 s 405;

((+28)) (27) RCW 39.10.470 and 2005 c 274 s 275 & 1994 c 132 s 10;

((+29)) (28) RCW 39.10.480 and 1994 c 132 s 9;

((+30)) (29) RCW 39.10.490 and 2007 c 494 s 501 & 2001 c 328 s 5;

((+31)) (30) RCW 39.10.500 and 2007 c 494 s 502;

((+32)) (31) RCW 39.10.510 and 2007 c 494 s 503;

((+33)) (32) RCW 39.10.900 and 1994 c 132 s 13;

((+34)) (33) RCW 39.10.901 and 1994 c 132 s 14; and

((+35)) (34) RCW 39.10.903 and 2007 c 494 s 510."

Renumber the sections consecutively and correct any internal references accordingly.

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

The President declared the question before the Senate to be the adoption of the amendment by Senator Regala to Engrossed House Bill No. 1690.

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

#### MOTION

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

On page 1, line 1 of the title, strike the title, and insert "an act relating to public works projects; and amending RCW 35.82.070, 39.10.200, 39.10.230, and 43.131.408; and creating a new section."

Renumber the sections consecutively and correct any internal references accordingly.

#### MOTION

On motion of Senator Regala, the rules were suspended, Engrossed House Bill No. 1690 as amended by the Senate was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senator Regala spoke in favor of passage of the bill.

The President declared the question before the Senate to be the final passage of Engrossed House Bill No. 1690 as amended by the Senate.

#### ROLL CALL

The Secretary called the roll on the final passage of Engrossed House Bill No. 1690 as amended by the Senate and the bill passed the Senate by the following vote: Yeas, 40; Nays, 5; Absent, 1; Excused, 3.

Voting yeas: Senators Becker, Benton, Berkey, Brandland, Brown, Carrell, Eide, Fairley, Franklin, Gordon, Hargrove, Hatfield, Hewitt, Hobbs, Jacobsen, Kastama, Kauffman, Keiser, Kilmer, King, Kline, Kohl-Welles, Marr, McAuliffe, McDermott, Morton, Murray, Oemig, Parlette, Pflug, Prentice, Pridemore, Ranker, Regala, Roach, Rockefeller, Schoesler, Sheldon, Shin and Swecker

Voting nay: Senators Fraser, Haugen, Holmquist, Honeyford and Tom

Absent: Senator Zarelli

Excused: Senators Delvin, McCaslin and Stevens

TWENTY NINTH DAY, APRIL 12, 2010

ENGROSSED HOUSE BILL NO. 1690 as amended by the Senate, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

#### MOTION

On motion of Senator Brandland, Senator Zarelli was excused.

#### SECOND READING

HOUSE BILL NO. 3219, by Representatives Goodman, Rodne, Pedersen, Hudgins, Chase and Upthegrove

Making technical corrections to the Revised Code of Washington.

The measure was read the second time.

#### MOTION

On motion of Senator Fairley, the rules were suspended, House Bill No. 3219 was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senator Fairley spoke in favor of passage of the bill.

The President declared the question before the Senate to be the final passage of House Bill No. 3219.

#### ROLL CALL

The Secretary called the roll on the final passage of House Bill No. 3219 and the bill passed the Senate by the following vote: Yeas, 42; Nays, 0; Absent, 3; Excused, 4.

Voting yea: Senators Becker, Benton, Berkey, Brandland, Carrell, Eide, Fairley, Franklin, Fraser, Gordon, Hargrove, Hatfield, Haugen, Hewitt, Hobbs, Holmquist, Honeyford, Jacobsen, Kastama, Kauffman, Keiser, Kilmer, King, Kline, Kohl-Welles, Marr, McAuliffe, McDermott, Morton, Oemig, Parlette, Pflug, Prentice, Pridemore, Ranker, Regala, Roach, Rockefeller, Schoesler, Sheldon, Shin, Swecker and Tom

Absent: Senators Brown, Marr and Murray

Excused: Senators Delvin, McCaslin, Stevens and Zarelli

HOUSE BILL NO. 3219, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

#### MOTION

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

#### MESSAGE FROM THE HOUSE

April 12, 2010

MR. PRESIDENT:

The House passed ENGROSSED SENATE BILL NO. 6870 with the following amendment(s): 6870.E AMH HUDG PAME 117 On page 6, beginning on line 19, strike all of section 4

Correct the title.

and the same are herewith transmitted.

BARBARA BAKER, Chief Clerk

#### MOTION

Senator Hargrove moved that the Senate concur in the House amendment(s) to Engrossed Senate Bill No. 6870.

Senators Hargrove and Carrell spoke in favor of passage of the motion.

#### MOTION

On motion of Senator Rockefeller, Senators Brown and Marr were excused.

The President declared the question before the Senate to be the motion by Senator Hargrove that the Senate concur in the House amendment(s) to Engrossed Senate Bill No. 6870.

The motion by Senator Hargrove carried and the Senate concurred in the House amendment(s) to Engrossed Senate Bill No. 6870 by voice vote.

The President declared the question before the Senate to be the final passage of Engrossed Senate Bill No. 6870, as amended by the House.

#### ROLL CALL

The Secretary called the roll on the final passage of Engrossed Senate Bill No. 6870, as amended by the House, and the bill passed the Senate by the following vote: Yeas, 45; Nays, 0; Absent, 0; Excused, 4.

Voting yea: Senators Becker, Benton, Berkey, Brandland, Brown, Carrell, Eide, Fairley, Franklin, Fraser, Gordon, Hargrove, Hatfield, Haugen, Hewitt, Hobbs, Holmquist, Honeyford, Jacobsen, Kastama, Kauffman, Keiser, Kilmer, King, Kline, Kohl-Welles, Marr, McAuliffe, McDermott, Morton, Murray, Oemig, Parlette, Pflug, Prentice, Pridemore, Ranker, Regala, Roach, Rockefeller, Schoesler, Sheldon, Shin, Swecker and Tom

Excused: Senators Delvin, McCaslin, Stevens and Zarelli

ENGROSSED SENATE BILL NO. 6870, as amended by the House, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

#### MOTION

On motion of Senator Brandland, Senators Benton, Carrell, Morton and Roach were excused.

#### MOTION

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

#### SECOND READING

ENGROSSED HOUSE BILL NO. 2561, by Representatives Dunshee, Williams, White, Seaquist, Darneille, Eddy, Dickerson, Sells, Rolfes, Chase, Green, Appleton, Sullivan, Simpson, Nelson, Hudgins, Jacks, Hunt, Hasegawa, Ormsby, Moeller and Roberts

Funding construction of energy cost saving improvements to public facilities.

The measure was read the second time.

## MOTION

Senator Pflug moved to defer further consideration of Engrossed House Bill No. 2561 and the bill hold its place on the second reading calendar.

Senator Eide spoke against the motion.

Senator Pflug spoke in favor of the motion.

The President declared the question before the Senate to be the motion by Senator Pflug to defer further consideration of Engrossed House Bill No. 2561 and the bill hold its place on the second reading calendar.

The motion by Senator Pflug failed by a voice vote.

## MOTION

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

Strike everything after the enacting clause and insert the following:

### **"PART I SHORT TITLE AND INTENT**

**NEW SECTION. Sec. 101.** This act may be known and cited as the jobs act.

**NEW SECTION. Sec. 102.** The legislature intends to create jobs in every corner of Washington state by issuing bonds, which will catalyze energy savings and repair work at public schools and state colleges and universities.

It is the intent of the legislature that these investments will create jobs quickly and directly, at a time when the state's residents need jobs. It is the further intent of the legislature that these investments both accelerate innovation in the energy efficiency sector and create locally developed technologies and companies to provide sustainable jobs. The legislature intends to prioritize the use of innovative technologies and facilitate the development of a sustainable innovation cluster that creates and installs highly efficient building technologies and creates jobs.

The legislature intends that these job-creating projects save taxpayers money, with an estimated one hundred twenty-six million dollars saved each year in public schools through reduced energy and operational costs, and improve the health and safety of those buildings. The energy savings are equivalent to the use of an estimated ninety thousand houses. It is also the intent of the legislature that these job-creating projects lead to reduced pollutants, as the weatherization and energy efficiency projects will reduce pollution emissions by an estimated amount equivalent to removing an estimated one hundred thirty thousand cars from the roads each year.

### **PART II BOND AUTHORIZATION**

**NEW SECTION. Sec. 201.** (1) For the purpose of creating jobs by constructing needed capital improvements to public facilities for energy, utility, and operational cost savings, the state finance committee is authorized to issue general obligation bonds of the state of Washington in the sum of five hundred five million dollars, or so much thereof as may be required, for this purpose and all costs incidental thereto. The bonds issued under the authority of this section are known as jobs act bonds.

(2) Bonds authorized in this section must be sold in the manner, at the time or times, in amounts, and at such prices as the state finance committee determines.

(3) The authorization to issue bonds contained in this chapter does not expire until the full authorization has been issued.

(4) No bonds authorized in this section may be offered for sale without prior legislative appropriation of the net proceeds of the sale of the bonds.

**NEW SECTION. Sec. 202.** (1) The nondebt-limit general fund bond retirement account must be used for the payment of the principal of and interest on the bonds authorized in section 201 of this act.

(2) The state finance committee must, on or before June 30th of each year, certify to the state treasurer the amount needed in the ensuing twelve months to meet the bond retirement and interest requirements on the bonds authorized in section 201 of this act.

(3) On each date on which any interest or principal and interest payment is due on bonds issued for the purposes of section 201 of this act, the state treasurer shall withdraw from any general state revenues received in the state treasury and deposit in the nondebt-limit general fund bond retirement account an amount equal to the amount certified by the state finance committee to be due on the payment date.

**NEW SECTION. Sec. 203.** (1) Bonds issued under this section and sections 201 and 202 of this act must state that they are a general obligation of the state of Washington, must pledge the full faith and credit of the state to the payment of the principal thereof and the interest thereon, and must contain an unconditional promise to pay the principal and interest as the same shall become due.

(2) The owner and holder of each of the bonds or the trustee for the owner and holder of any of the bonds may by mandamus or other appropriate proceeding require the transfer and payment of funds as directed in this section.

### **PART III PROGRAM REQUIREMENTS, APPROPRIATIONS, AND REVENUE PROVISIONS**

**NEW SECTION. Sec. 301.** (1) The department of commerce, in consultation with the department of general administration and the Washington State University energy program, shall administer the jobs act.

(2) The department of general administration must develop guidelines that are consistent with national and international energy savings performance standards for the implementation of energy savings performance contracting projects by the energy savings performance contractors by December 31, 2010.

(3) The definitions in this section apply throughout this chapter and section 302 of this act unless the context clearly requires otherwise.

(a) "Cost-effectiveness" means the present value to higher education institutions and school districts of the energy reasonably expected to be saved or produced by a facility, activity, measure, or piece of equipment over its useful life, including any compensation received from a utility or the Bonneville power administration, is greater than the net present value of the costs of implementing, maintaining, and operating such facility, activity, measure, or piece of equipment over its useful life, when discounted at the cost of public borrowing.

(b) "Energy cost savings" means savings realized in expenses for energy use and expenses associated with water, wastewater, or solid waste systems.

(c) "Energy equipment" means energy management systems and any equipment, materials, or supplies that are expected, upon installation, to reduce the energy use or energy cost of an existing building or facility, and the services associated with the equipment, materials, or supplies, including but not limited to design, engineering, financing, installation, project management, guarantees, operations, and maintenance. Reduction in energy use

TWENTY NINTH DAY, APRIL 12, 2010

or energy cost may also include reductions in the use or cost of water, wastewater, or solid waste.

(d) "Energy savings performance contracting" means the process authorized by chapter 39.35C RCW by which a company contracts with a public agency to conduct energy audits and guarantee energy savings from energy efficiency.

(e) "Innovative measures" means advanced or emerging technologies, systems, or approaches that may not yet be in common practice but improve energy efficiency, accelerate deployment, or reduce energy usage, and become widely commercially available in the future if proven successful in demonstration programs without compromising the guaranteed performance or measurable energy and operational cost savings anticipated. Examples of innovative measures include, but are not limited to, advanced energy and systems operations monitoring, diagnostics, and controls systems for buildings; novel heating, cooling, ventilation, and water heating systems; advanced windows and insulation technologies, highly efficient lighting technologies, designs, and controls; and integration of renewable energy sources into buildings, and energy savings verification technologies and solutions.

(f) "Operational cost savings" means savings realized from parts, service fees, capital renewal costs, and other measurable annual expenses to maintain and repair systems. This definition does not mean labor savings related to existing facility staff.

(g) "Public facilities" means buildings, building components, and major equipment or systems owned by public school districts and public higher education institutions.

**NEW SECTION. Sec. 302.** (1) Within appropriations specifically provided for the purposes of this chapter, the department of commerce, in consultation with the department of general administration, and the Washington State University energy program shall establish a competitive process to solicit and evaluate applications from public school districts, public higher education institutions, and other state agencies. Final grant awards shall be determined by the department of commerce.

(2) Grants must be awarded in competitive rounds, based on demand and capacity, with at least five percent of each grant round awarded to small public school districts with fewer than one thousand full-time equivalent students, based on demand and capacity.

(3) Within each competitive round, projects must be weighted and prioritized based on the following criteria and in the following order:

(a) Leverage ratio: In each round, the higher the leverage ratio of nonstate funding sources to state jobs act grant, the higher the project ranking.

(b) Energy savings: In each round, the higher the energy savings, the higher the project ranking. Applicants must submit documentation that demonstrates energy and operational cost savings resulting from the installation of the energy equipment and improvements. The energy savings analysis must be performed by a licensed engineer and documentation must include but is not limited to the following:

(i) A description of the energy equipment and improvements;  
(ii) A description of the energy and operational cost savings; and

(iii) A description of the extent to which the project employs collaborative and innovative measures and encourages demonstration of new and emerging technologies with high energy savings or energy cost reductions.

(c) Expediency of expenditure: Project readiness to spend funds must be prioritized so that the legislative intent to expend funds quickly is met.

(4) Projects that do not use energy savings performance contracting must: (a) Verify energy and operational cost savings,

as defined in section 301 of this act, for ten years or until the energy and operational costs savings pay for the project, whichever is shorter; (b) follow the department of general administration's energy savings performance contracting project guidelines developed pursuant to section 301 of this act; and (c) employ a licensed engineer for the energy audit and construction. The department of commerce may require third-party verification of savings if a project is not implemented by an energy savings performance contractor selected by the department of general administration through the request of qualifications process. Third-party verification must be conducted either by an energy savings performance contractor selected by the department of general administration through a request for qualifications, a licensed engineer specializing in energy conservation, or by a project resource conservation manager or educational service district resource conservation manager.

(5) To intensify competition, the department of commerce may only award funds to the top eighty-five percent of projects applying in a round until the department of commerce determines a final round is appropriate. Projects that do not receive a grant award in one round may reapply in subsequent rounds.

(6) To match federal grants and programs that require state matching funds and produce significantly higher efficiencies in operations and utilities, the level of innovation criteria may be increased for the purposes of weighted scoring to capture those federal dollars for selected projects that require a higher level of innovation and regional collaboration.

(7) Grant amounts awarded to each project must allow for the maximum number of projects funded with the greatest energy and cost benefit.

(8)(a) The department of commerce must use bond proceeds to pay one-half of the preliminary audit, up to five cents per square foot, if the project does not meet the school district's and higher education institution's predetermined cost-effectiveness criteria. School districts and higher education institutions must pay the other one-half of the cost of the preliminary audit if the project does not meet their predetermined cost-effectiveness criteria.

(b) The energy savings performance contractor may not charge for an investment grade audit if the project does not meet the school district's and higher education institution's predetermined cost-effectiveness criteria. School districts and higher education institutions must pay the full price of an investment grade audit if they do not proceed with a project that meets the school district's and higher education institution's predetermined cost-effectiveness criteria.

(9) The department of commerce may charge projects administrative fees and may pay the department of general administration and the Washington State University energy program administration fees in an amount determined through a memorandum of understanding.

(10) The department of commerce and the department of general administration must submit a joint report to the appropriate committees of the legislature and the office of financial management on the timing and use of the grant funds, program administrative function, compliance with apprenticeship utilization requirements in RCW 39.04.320, compliance with prevailing wage requirements, and administration fees by the end of each fiscal year, until the funds are fully expended and all savings verification requirements are fulfilled.

**NEW SECTION. Sec. 303. FOR THE DEPARTMENT OF COMMERCE--JOBS ACT**

The appropriation in this section is subject to the following conditions and limitations: The appropriation is for fiscal year 2011 and is provided solely for grants to public school districts and public higher education institutions for energy and operational cost savings improvements to public facilities and related projects that

result in energy and operational cost savings under the provision and requirements of sections 301 and 302 of this act. Related projects are those projects that must be completed in order for the energy efficiency improvements to be effective.

Appropriation:

Washington Account—State.....	Works \$500,000,000
Prior (Expenditures).....	Biennia \$0
Future Costs).....	Biennia (Projected \$0
	TOTAL \$500,000,000

**NEW SECTION Sec. 304.** The legislature intends to increase general state revenues to pay for a portion of the increased debt service costs for voter-approved bonds and for debt-limit bonds authorized by the legislature for projects awarded grants under sections 301 and 302 of this act for energy efficiency projects in public facilities.

**Sec. 305.** RCW 82.08.0293 and 2010 1st sp.s. c ... (2ESSB 6143) s 902 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) (~~Until July 1, 2013,)~~ 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, candy, or dietary supplements. (~~Beginning July 1, 2013, the exemption of "food and food ingredients" provided for in subsection (1) of this section does not apply to prepared food, soft drinks, candy, or dietary supplements.~~) For purposes of this subsection, the following definitions apply:

(a) "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.

(b)(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.

(c) "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.

(d) "Candy" means a preparation of sugar, honey, or other natural or artificial sweeteners in combination with chocolate, fruits, nuts, or other ingredients or flavorings in the form of bars, drops, or pieces. "Candy" does not include any preparation containing flour and does not require refrigeration.

(e) "Bottled water" means water that is placed in a 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.

(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.

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(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 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. 306.** RCW 82.12.0293 and 2010 1st sp.s. c ... (2ESSB 6143) s 903 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) (~~Until July 1, 2013,~~) 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, candy, or dietary supplements. (~~Beginning July 1, 2013, the exemption of "food and food ingredients" provided for in subsection (1) of this section does not apply to prepared food, soft drinks, candy, or dietary supplements.~~) "Prepared food," "soft drinks," "dietary supplements," "candy," and "bottled water" 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 (~~apply~~) 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.

#### PART IV TECHNICAL PROVISIONS

**NEW SECTION. Sec. 401.** (1) The legislature may provide additional means for raising moneys for the payment of the principal of and interest on the bonds authorized in section 201 of this act, and section 202 of this act may not be deemed to provide an exclusive method for the payment.

(2) The office of the state treasurer must determine a mechanism to allow individual Washington state residents to purchase jobs act bonds.

**NEW SECTION. Sec. 402.** The bonds authorized by this chapter constitute a legal investment for all state funds or for funds under state control and all funds of municipal corporations.

**NEW SECTION. Sec. 403.** The state finance committee is authorized to prescribe the form, terms, conditions, and covenants of

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the bonds provided for in this act, the time or times of sale of all or any portion of them, and the conditions and manner of their sale and issuance.

**NEW SECTION. Sec. 404.** The Washington works account is created in the state treasury. All receipts from bonds authorized under section 201 of this act must be deposited in the account. Moneys in the account may be spent only after appropriation. The proceeds from the sale of the bonds authorized in section 201 of this act must be deposited in the account. Moneys in the account must be used exclusively for:

(1) The purposes of sections 301, 302, and 303 of this act, which includes energy and operational cost savings improvements and related projects that result in energy and operational cost savings for public school districts and public higher education institutions; and

(2) The payment of the expenses incurred in connection with the sale and issuance of the bonds.

**NEW SECTION. Sec. 405.** If the state finance committee deems it necessary to issue any portion of the bonds authorized in this chapter as taxable bonds in order to comply with federal internal revenue service rules and regulations pertaining to the use of nontaxable bond proceeds, the proceeds of such taxable bonds must be transferred to the state taxable building construction account in lieu of any deposits otherwise provided by section 404 of this act. The state treasurer must submit written notice to the director of financial management if it is determined that any such transfer to the state taxable building construction account is necessary. Moneys in the account may be spent only after appropriation. For purposes of this section, "nontaxable bond proceeds" includes proceeds from bonds issued as tax exempt bonds and proceeds from taxable bonds eligible for direct federal subsidy under federal internal revenue service rules.

**Sec. 406.** RCW 39.94.040 and 2003 c 6 s 2 are each amended to read as follows:

(1) Except as provided in RCW 28B.10.022, the state may not enter into any financing contract for itself if the aggregate principal amount payable thereunder is greater than an amount to be established from time to time by the state finance committee or participate in a program providing for the issuance of certificates of participation, including any contract for credit enhancement, without the prior approval of the state finance committee. Except as provided in RCW 28B.10.022, the state finance committee shall approve the form of all financing contracts or a standard format for all financing contracts. The state finance committee also may:

(a) Consolidate existing or potential financing contracts into master financing contracts with respect to property acquired by one or more agencies, departments, instrumentalities of the state, the state board for community and technical colleges, or a state institution of higher learning; or to be acquired by an other agency;

(b) Approve programs providing for the issuance of certificates of participation in master financing contracts for the state or for other agencies;

(c) Enter into agreements with trustees relating to master financing contracts; and

(d) Make appropriate rules for the performance of its duties under this chapter.

(2) In the performance of its duties under this chapter, the state finance committee may consult with representatives from the department of general administration, the office of financial management, and the department of information services.

(3) With the approval of the state finance committee, the state also may enter into agreements with trustees relating to financing contracts and the issuance of certificates of participation.

(4) Except for financing contracts for real property used for the purposes described under chapter 28B.140 RCW, the state may not

enter into any financing contract for real property of the state without prior approval of the legislature.

(5) The state may not enter into any financing contract on behalf of an other agency without the approval of such a financing contract by the governing body of the other agency. For the purposes of this requirement, a financing contract must be treated as used for real property if it is being entered into by the state for the acquisition of land; the acquisition of an existing building; the construction of a new building; or a major remodeling, renovation, rehabilitation, or rebuilding of an existing building. Prior approval of the legislature is not required under this chapter for a financing contract entered into by the state under this chapter for energy conservation improvements to existing buildings where such improvements include (a) fixtures and equipment that are not part of a major remodeling, renovation, rehabilitation, or rebuilding of the building, or (b) other improvements to the building that are being performed for the primary purpose of energy conservation. Such energy conservation improvements must be determined eligible for financing under this chapter by the office of financial management in accordance with financing guidelines established by the state treasurer, and are to be treated as personal property for the purposes of this chapter.

## PART V REFERENDUM PROVISIONS

**NEW SECTION. Sec. 501.** (1) The secretary of state shall submit sections 101 through 203 and 401 through 405 of this act to the people for their adoption and ratification, or rejection, at the next general election to be held in this state, in accordance with Article II, section 1 and Article VIII, section 3 of the state Constitution and the laws adopted to facilitate their operation.

(2) If the people ratify this act as specified under subsection (1) of this section, revenues generated shall be spent as detailed in this act.

(3) Pursuant to RCW 29A.72.050(6), the statement of subject and concise description for the ballot title shall read: "The legislature has passed Engrossed House Bill No. 2561 (this act), concerning job creation through energy efficiency projects in school buildings. This bill would promote job creation by authorizing bonds to construct energy efficiency savings improvements to schools, including higher education buildings."

**NEW SECTION. Sec. 502.** Sections 303 through 306 of this act are contingent upon approval by the voters of sections 101 through 203 and 401 through 405 of this act. If sections 101 through 203 and 401 through 405 of this act are not approved by the voters by December 1, 2010, sections 303 through 306 of this act are null and void.

**NEW SECTION. Sec. 503.** Sections 201 through 203, 301, 302, and 401 through 405 of this act constitute a new chapter in Title 43 RCW.

## PART VI MISCELLANEOUS PROVISIONS

**NEW SECTION. Sec. 601.** This act takes effect if Second Engrossed Substitute Senate Bill No. 6143 is enacted by the legislature during the 2010 1st special session."

### MOTION

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

On page 5, line 13, after "higher the" insert "percentage"

Senators Schoesler and Pflug spoke in favor of adoption of the amendment to the committee striking amendment.

Senator Fraser spoke against adoption of the amendment to the committee striking amendment.

The President declared the question before the Senate to be the adoption of the amendment by Senator Schoesler on page 5, line 13 to the committee striking amendment to Engrossed House Bill No. 2561.

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

### MOTION

Senator Pflug moved that the following amendment by Senator Pflug to the committee striking amendment be adopted:

On page 6, line 18, after "must" insert "require ninety percent of the energy cost savings to be remitted back to the state"

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

Senators Rockefeller and Fraser spoke against adoption of the amendment to the committee striking amendment.

The President declared the question before the Senate to be the adoption of the amendment by Senator Pflug on page 6, line 18 to the committee striking amendment to Engrossed House Bill No. 2561.

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

### MOTION

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

On page 8, line 12, after "bottled water," strike "candy," and insert "((candy))"

On page 11, line 16, after "bottled water," strike "candy," and insert "((candy))"

Renumber the sections consecutively and correct any internal references accordingly.

### POINT OF ORDER

Senator Rockefeller: "The amendment is beyond not only the scope but the object of the underlying bill. The 2561 bill authorizes the issuance of certain bonds upon approval of the voters with the proceeds from the sale of those bonds used to create jobs, in the area of retrofitting schools and other educational institutions. The bill provides that the bonds would be paid by extending the tax on bottled water, again, only upon approval by the voters. That is the entire scope of the bill. This amendment would remove an entirely different tax, a tax on candy contained in a separate bill. The tax on candy has nothing to do with the bonds, the retrofitting process, job creation or bond repayment. It simply is an effort to alter an unrelated tax provision. Further, Mr. President, the amendment also is beyond the object of the bill. The entire purpose of the provisions related to the tax on bottled water is to provide a funding source for repayment of the bonds authorized in the bill and by contrast the provisions related to the tax on candy in this amendment would reduce revenue and have no relation to funding the bonds authorized within the bill. With this reason I argue it is beyond both scope and object and therefore should be ruled out of order. Thank you Mr. President."

Senator Schoesler spoke against the point of order.

#### MOTION

On motion of Senator Eide, further consideration of the amendment number by Senator Schoesler on page 8, line 12 was deferred.

#### MOTION

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

On page 14, line 36, after "203" insert ", 303 through 306,"

On page 15, beginning on line 15, strike section 502.

Senators Schoesler and Fraser spoke in favor of adoption of the amendment to the committee striking amendment.

The President declared the question before the Senate to be the adoption of the amendment by Senator Schoesler on page 14, line 36 to the committee striking amendment to Engrossed House Bill No. 2561.

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

#### MOTION

Senator Parlette moved that the following amendment by Senator Parlette to the committee striking amendment be adopted:

On page 15, line 11, after "This" strike all material through line 14 and insert "bill authorizes bonds in excess of the Article VIII, section 1 constitutional debt limit to construct school energy efficiency improvements, and makes permanent the sales tax on bottled water."

Senators Parlette, Zarelli, Roach and Pflug spoke in favor of adoption of the amendment to the committee striking amendment.

Senators Fraser and Brown spoke against adoption of the amendment to the committee striking amendment.

Senator Zarelli demanded a roll call.

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

The President declared the question before the Senate to be the adoption of the amendment by Senator Parlette on page 15, line 11 to the committee striking amendment to Engrossed House Bill No. 2561.

#### ROLL CALL

The Secretary called the roll on the adoption of the amendment by Senator Parlette to the committee striking amendment and the amendment was not adopted by the following vote: Yeas, 16; Nays, 30; Absent, 0; Excused, 3.

Voting yea: Senators Becker, Benton, Brandland, Carrell, Hewitt, Holmquist, Honeyford, King, Morton, Parlette, Pflug, Roach, Schoesler, Sheldon, Swecker and Zarelli

Voting nay: Senators Berkey, Brown, Eide, Fairley, Franklin, Fraser, Gordon, Hargrove, Hatfield, Haugen, Hobbs, Jacobsen, Kastama, Kauffman, Keiser, Kilmer, Kline, Kohl-Welles, Marr, McAuliffe, McDermott, Murray, Oemig, Prentice, Pridemore, Ranker, Regala, Rockefeller, Shin and Tom

Excused: Senators Delvin, McCaslin and Stevens

#### MOTION

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

On page 15, after line 26, insert the following:

**"NEW SECTION. Sec. 602.** If the national streamline sales tax agreement is not amended by June 1, 2010 to allow for the sales tax to apply to bottled water, this act is null and void."

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

Senator Fraser spoke against adoption of the amendment to the committee striking amendment.

The President declared the question before the Senate to be the adoption of the amendment by Senator Schoesler on page 15, after line 26 to the committee striking amendment to Engrossed House Bill No. 2561.

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

#### MOTION

On motion of Senator Eide, further consideration of Engrossed House Bill No. 2561 was deferred and the bill held its place on the second reading calendar.

#### MOTION

At 7:00 p.m., on motion of Senator Eide, the Senate was declared to be at ease subject to the call of the President.

#### EVENING SESSION

The Senate was called to order at 7:46 p.m. by President Owen.

#### MOTION TO LIMIT DEBATE

Senator Eide: "Mr. President, I move that the members of the Senate be allowed to speak but once on each question before the Senate, that such speech be limited to three minutes and that members be prohibited from yielding their time, however, the maker of a motion shall be allowed to open and close debate. This motion shall be in effect through April 12, 2010."

The President declared the question before the Senate to be the motion by Senator Eide to limit debate.

The motion by Senator Eide carried and debate was limited through April 12, 2010 by voice vote.

#### RULING BY THE PRESIDENT

President Owen: "In ruling upon the point of order raised by Senator Rockefeller as to whether amendment 467 by Senator Schoesler to Engrossed House Bill No. 2561 expands the scope and object of the underlying bill. The President finds and rules as follows:

Engrossed House Bill No. 2561 authorizes the issuance of certain bonds upon approval of the voters with the proceeds from the sale of those bonds used to create jobs to retrofit schools and other educational institutions. Section 304 of the bill describes the legislature's intent to increase state revenues to pay for a portion of the increased debt service cost. To accomplish this intending result the bill would extend the tax on bottled water as provided in

a separate revenue bill. The proposed amendment by contrast would eliminate a tax on candy, a tax that is created in the same revenue bill. Although the two taxes are both found in the revenue bill the treatment in this bill are opposite to one another. The extension of the bottled water tax is consistent with the intent of the bill by raising taxes while the removal of the tax on candy is inconsistent with the state of purpose.

For these reasons the President finds that the proposed amendment is beyond the scope and object of the underlying bill and Senator Rockefellers point is well taken."

#### MOTION FOR IMMEDIATE RECONSIDERATION

Senator Eide, having voted on the prevailing side moved to immediately reconsider the vote by which the by Senator Schoesler on page 14, line 36 to the committee striking amendment to Engrossed House Bill No. 2561 passed the Senate earlier in the day.

#### POINT OF ORDER

Senator Hewitt: "So, Mr. President, if there's an oral roll call, how can one prove that they actually voted on the that amendment?"

#### REPLY BY THE PRESIDENT

President Owen: "How can I prove they didn't. Senator Hewitt, to be honest and I mean to be more sincere, the President has to take the person's word. I believe in a situation like that, unless there's some evidence to the contrary. I have no way of showing otherwise. Matter of fact I think just about the whole body voted for that amendment."

The President declared the question before the Senate to be the motion by Senator Eide to immediately reconsider the vote by which the amendment by Senator Schoesler to the committee striking amendment to Engrossed House Bill No. 2561.

The motion by Senator Eide carried by a voice vote.

The President declared the question before the Senate to be the adoption of the amendment by Senator Schoesler on page 14, line 36 to the committee striking amendment to Engrossed House Bill No. 2561 on reconsideration.

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

#### MOTION

On motion of Senator Eide, further consideration of Engrossed House Bill No. 2561 was deferred and the bill held its place on the second reading calendar.

#### MOTION

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

#### MESSAGE FROM THE HOUSE

April 10, 2010

#### MR. PRESIDENT:

The House has adopted the report of the Conference Committee on SECOND ENGROSSED SUBSTITUTE

SENATE BILL NO. 6143 and has passed the bill as recommended by the Conference Committee. and the same are herewith transmitted.

BARBARA BAKER, Chief Clerk

#### REPORT OF THE CONFERENCE COMMITTEE

Second Engrossed Substitute Senate Bill No. 6143

April 10, 2010

#### MR. PRESIDENT:

#### MR. SPEAKER:

We of your conference committee, to whom was referred Second Engrossed Substitute Senate Bill No. 6143, have had the same under consideration and recommend that all previous amendments not be adopted and that the following striking amendment be adopted:

Strike everything after the enacting clause and insert the following:

**"NEW SECTION. Sec. 1.** In order to preserve funding for education, public safety, health care, environmental protection, and safety net services for children, elderly, disabled, and vulnerable people, it is the intent of the legislature to close obsolete tax preferences, clarify the legislature's intent regarding existing tax policy, and to ensure balanced tax policy while bolstering emerging industries.

#### PART I Minimum Nexus Standards

**NEW SECTION. Sec. 101.** (1) The legislature finds that out-of-state businesses that do not have a physical presence in Washington earn significant income from Washington residents from providing services or collecting royalties on the use of intangible property in this state. The legislature further finds that these businesses receive significant benefits and opportunities provided by the state, such as: Laws providing protection of business interests or regulating consumer credit; access to courts and judicial process to enforce business rights, including debt collection and intellectual property rights; an orderly and regulated marketplace; and police and fire protection and a transportation system benefiting in-state agents and other representatives of out-of-state businesses. Therefore, the legislature intends to extend the state's business and occupation tax to these companies to ensure that they pay their fair share of the cost of services that this state renders and the infrastructure it provides.

(2)(a) The legislature also finds that the current cost apportionment method in RCW 82.04.460(1) for apportioning most service income has been difficult for both taxpayers and the department to apply due in large part (i) to the difficulty in assigning certain costs of doing business inside or outside of this state, and (ii) to its dissimilarity with the apportionment methods used in other states for their business activity taxes.

(b) The legislature further finds that there is a trend among states to adopt a single factor apportionment formula based on sales. The legislature recognizes that adoption of a sales factor only apportionment method has the advantages of simplifying apportionment and making Washington a more attractive place for businesses to expand their property and payroll. For these reasons, the legislature adopts single factor sales apportionment for purposes of apportioning royalty income and certain service income for state business and occupation tax purposes.

(c) Nothing in this act may be construed, however, to authorize apportionment of the gross income or value of products taxable under the following business and occupation tax classifications: Retailing, wholesaling, manufacturing, processing for hire,

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extracting, extracting for hire, printing, government contracting, public road construction, the classifications in RCW 82.04.280 (2), (4), (6), and (7), and any other activity not specifically included in the definition of apportionable activities in RCW 82.04.460.

(d) Nothing in this part is intended to modify the nexus and apportionment requirements for local gross receipts business and occupation taxes.

**Sec. 102.** RCW 82.04.220 and 1961 c 15 s 82.04.220 are each amended to read as follows:

(1) There is levied and ((shall be)) collected from every person that has a substantial nexus with this state a tax for the act or privilege of engaging in business activities. ((Such)) The tax ((shall be)) is measured by the application of rates against value of products, gross proceeds of sales, or gross income of the business, as the case may be.

(2) A person who has a substantial nexus with this state in any tax year will be deemed to have a substantial nexus with this state for the following tax year.

**NEW SECTION. Sec. 103.** A new section is added to chapter 82.04 RCW to read as follows:

"Engaging within this state" and "engaging in the state," when used in connection with any apportionable activity as defined in RCW 82.04.460, means that a person generates gross income of the business from sources within this state, such as customers or intangible property located in this state, regardless of whether the person is physically present in this state.

**NEW SECTION. Sec. 104.** A new section is added to chapter 82.04 RCW to read as follows:

(1) A person engaging in business is deemed to have substantial nexus with this state if the person is:

(a) An individual and is a resident or domiciliary of this state;

(b) A business entity and is organized or commercially domiciled in this state; or

(c) A nonresident individual or a business entity that is organized or commercially domiciled outside this state, and in any tax year the person has:

(i) More than fifty thousand dollars of property in this state;

(ii) More than fifty thousand dollars of payroll in this state;

(iii) More than two hundred fifty thousand dollars of receipts from this state; or

(iv) At least twenty-five percent of the person's total property, total payroll, or total receipts in this state.

(2)(a) Property counting toward the thresholds in subsection (1)(c)(i) and (iv) of this section is the average value of the taxpayer's property, including intangible property, owned or rented and used in this state during the tax year.

(b)(i) Property owned by the taxpayer, other than loans and credit card receivables owned by the taxpayer, is valued at its original cost basis. Loans and credit card receivables owned by the taxpayer are valued at their outstanding principal balance, without regard to any reserve for bad debts. However, if a loan or credit card receivable is charged off in whole or in part for federal income tax purposes, the portion of the loan or credit card receivable charged off is deducted from the outstanding principal balance.

(ii) Property rented by the taxpayer is valued at eight times the net annual rental rate. For purposes of this subsection, "net annual rental rate" means the annual rental rate paid by the taxpayer less any annual rental rate received by the taxpayer from subrentals.

(c) The average value of property must be determined by averaging the values at the beginning and ending of the tax year; but the department may require the averaging of monthly values during the tax year if reasonably required to properly reflect the average value of the taxpayer's property.

(d)(i) For purposes of this subsection (2), loans and credit card receivables are deemed owned and used in this state as follows:

(A) Loans secured by real property, personal property, or both real and personal property, are deemed owned and used in the state if the real property or personal property securing the loan is located within this state. If the property securing the loan is located both within this state and one or more other states, the loan is deemed owned and used in this state if more than fifty percent of the fair market value of the real or personal property is located within this state. If more than fifty percent of the fair market value of the real or personal property is not located within any one state, then the loan is deemed owned and used in this state if the borrower is located in this state. The determination of whether the real or personal property securing a loan is located within this state must be made, as of the time the original agreement was made, and any and all subsequent substitutions of collateral must be disregarded.

(B) Loans not secured by real or personal property are deemed owned and used in this state if the borrower is located in this state.

(C) Credit card receivables are deemed owned and used in this state if the billing address of the cardholder is in this state.

(ii)(A) Except as otherwise provided in (d)(ii)(B) of this subsection (2), the definitions in the multistate tax commission's recommended formula for the apportionment and allocation of net income of financial institutions as existing on the effective date of this section or such subsequent date as may be provided by the department by rule, consistent with the purposes of this section, apply to this section.

(B) "Credit card" means a card or device existing for the purpose of obtaining money, property, labor, or services on credit.

(e) Notwithstanding anything else to the contrary in this subsection, property counting toward the thresholds in subsection (1)(c)(i) and (iv) of this section does not include a person's ownership of, or rights in, computer software as defined in RCW 82.04.215, including computer software used in providing a digital automated service; master copies of software; and digital goods and digital codes residing on servers located in this state.

(3)(a) Payroll counting toward the thresholds in subsection (1)(c)(ii) and (iv) of this section is the total amount paid by the taxpayer for compensation in this state during the tax year plus nonemployee compensation paid to representative third parties in this state. Nonemployee compensation paid to representative third parties includes the gross amount paid to nonemployees who represent the taxpayer in interactions with the taxpayer's clients and includes sales commissions.

(b) Employee compensation is paid in this state if the compensation is properly reportable to this state for unemployment compensation tax purposes, regardless of whether the compensation was actually reported to this state.

(c) Nonemployee compensation is paid in this state if the service performed by the representative third party occurs entirely or primarily within this state.

(d) For purposes of this subsection, "compensation" means wages, salaries, commissions, and any other form of remuneration paid to employees or nonemployees and defined as gross income under 26 U.S.C. Sec. 61 of the federal internal revenue code of 1986, as existing on the effective date of this section.

(4) Receipts counting toward the thresholds in subsection (1)(c)(iii) and (iv) of this section are those amounts included in the numerator of the receipts factor under section 105 of this act and, for financial institutions, those amounts included in the numerator of the receipts factor under the rule adopted by the department as authorized in RCW 82.04.460(2).

(5)(a) Each December, the department must review the cumulative percentage change in the consumer price index. The department must adjust the thresholds in subsection (1)(c)(i) through (iii) of this section if the consumer price index has changed by five percent or more since the later of the effective date of this

section, or the date that the thresholds were last adjusted under this subsection. For purposes of determining the cumulative percentage change in the consumer price index, the department must compare the consumer price index available as of December 1st of the current year with the consumer price index as of the later of the effective date of this section, or the date that the thresholds were last adjusted under this subsection. The thresholds must be adjusted to reflect that cumulative percentage change in the consumer price index. The adjusted thresholds must be rounded to the nearest one thousand dollars. Any adjustment will apply to tax periods that begin after the adjustment is made.

(b) As used in this subsection, "consumer price index" means the consumer price index for all urban consumers (CPI-U) available from the bureau of labor statistics of the United States department of labor.

(6) Subsections (1) through (5) of this section only apply with respect to the taxes imposed under this chapter on apportionable activities as defined in RCW 82.04.460. For purposes of the taxes imposed under this chapter on any activity not included in the definition of apportionable activities in RCW 82.04.460, a person is deemed to have a substantial nexus with this state if the person has a physical presence in this state, which need only be demonstrably more than a slightest presence. For purposes of this subsection, a person is physically present in this state if the person has property or employees in this state. A person is also physically present in this state if the person, either directly or through an agent or other representative, engages in activities in this state that are significantly associated with the person's ability to establish or maintain a market for its products in this state.

**NEW SECTION. Sec. 105.** A new section is added to chapter 82.04 RCW to read as follows:

(1) The apportionable income of a person within the scope of RCW 82.04.460(1) is apportioned to Washington by multiplying its apportionable income by the receipts factor. Persons who are subject to tax under more than one of the tax classifications enumerated in RCW 82.04.460(4)(a) (i) through (x) must calculate a separate receipts factor for each tax classification that the person is taxable under.

(2) For purposes of subsection (1) of this section, the receipts factor is a fraction and is calculated as provided in subsections (3) and (4) of this section and, for financial institutions, as provided in the rule adopted by the department under the authority of RCW 82.04.460(2).

(3)(a) The numerator of the receipts factor is the total gross income of the business of the taxpayer attributable to this state during the tax year from engaging in an apportionable activity. The denominator of the receipts factor is the total gross income of the business of the taxpayer from engaging in an apportionable activity everywhere in the world during the tax year.

(b) Except as otherwise provided in this section, for purposes of computing the receipts factor, gross income of the business generated from each apportionable activity is attributable to the state:

(i) Where the customer received the benefit of the taxpayer's service or, in the case of gross income from royalties, where the customer used the taxpayer's intangible property.

(ii) If the customer received the benefit of the service or used the intangible property in more than one state, gross income of the business must be attributed to the state in which the benefit of the service was primarily received or in which the intangible property was primarily used.

(iii) If the taxpayer is unable to attribute gross income of the business under the provisions of (b)(i) or (ii) of this subsection (3), gross income of the business must be attributed to the state from which the customer ordered the service or, in the case of royalties,

the office of the customer from which the royalty agreement with the taxpayer was negotiated.

(iv) If the taxpayer is unable to attribute gross income of the business under the provisions of (b)(i), (ii), or (iii) of this subsection (3), gross income of the business must be attributed to the state to which the billing statements or invoices are sent to the customer by the taxpayer.

(v) If the taxpayer is unable to attribute gross income of the business under the provisions of (b)(i), (ii), (iii), or (iv) of this subsection (3), gross income of the business must be attributed to the state from which the customer sends payment to the taxpayer.

(vi) If the taxpayer is unable to attribute gross income of the business under the provisions of (b)(i), (ii), (iii), (iv), or (v) of this subsection (3), gross income of the business must be attributed to the state where the customer is located as indicated by the customer's address: (A) Shown in the taxpayer's business records maintained in the regular course of business; or (B) obtained during consummation of the sale or the negotiation of the contract for services or for the use of the taxpayer's intangible property, including any address of a customer's payment instrument when readily available to the taxpayer and no other address is available.

(vii) If the taxpayer is unable to attribute gross income of the business under the provisions of (b)(i), (ii), (iii), (iv), (v), or (vi) of this subsection (3), gross income of the business must be attributed to the commercial domicile of the taxpayer.

(viii) For purposes of this subsection (3)(b), "customer" means a person or entity to whom the taxpayer makes a sale or renders services or from whom the taxpayer otherwise receives gross income of the business. "Customer" includes anyone who pays royalties or charges in the nature of royalties for the use of the taxpayer's intangible property.

(c) Gross income of the business from engaging in an apportionable activity must be excluded from the denominator of the receipts factor if, in respect to such activity, at least some of the activity is performed in this state, and the gross income is attributable under (b) of this subsection (3) to a state in which the taxpayer is not taxable. For purposes of this subsection (3)(c), "not taxable" means that the taxpayer is not subject to a business activities tax by that state, except that a taxpayer is taxable in a state in which it would be deemed to have a substantial nexus with that state under the standards in section 104(1) of this act regardless of whether that state imposes such a tax. "Business activities tax" means a tax measured by the amount of, or economic results of, business activity conducted in a state. The term includes taxes measured in whole or in part on net income or gross income or receipts. "Business activities tax" does not include a sales tax, use tax, or a similar transaction tax, imposed on the sale or acquisition of goods or services, whether or not denominated a gross receipts tax or a tax imposed on the privilege of doing business.

(d) This subsection (3) does not apply to financial institutions with respect to apportionable income taxable under RCW 82.04.290. Financial institutions must calculate the receipts factor as provided in subsection (4) of this section and the rule adopted by the department under the authority of RCW 82.04.460(2) with respect to apportionable income taxable under RCW 82.04.290. Financial institutions that are subject to tax under any other tax classification enumerated in RCW 82.04.460(4)(a) (i) through (v) and (vii) through (x) must calculate a separate receipts factor, as provided in this section, for each of the other tax classifications that the financial institution is taxable under.

(4) A taxpayer may calculate the receipts factor for the current tax year based on the most recent calendar year for which information is available for the full calendar year. If a taxpayer does not calculate the receipts factor for the current tax year based on previous calendar year information as authorized in this subsection, the business must use current year information to

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calculate the receipts factor for the current tax year. In either case, a taxpayer must correct the reporting for the current tax year when complete information is available to calculate the receipts factor for that year, but not later than October 31st of the following tax year. Interest will apply to any additional tax due on a corrected tax return. Interest must be assessed at the rate provided for delinquent excise taxes under chapter 82.32 RCW, retroactively to the date the original return was due, and will accrue until the additional taxes are paid. Penalties as provided in RCW 82.32.090 will apply to any such additional tax due only if the current tax year reporting is not corrected and the additional tax is not paid by October 31st of the following tax year. Interest as provided in RCW 82.32.060 will apply to any tax paid in excess of that properly due on a return as a result of a taxpayer using previous calendar year data or incomplete current-year data to calculate the receipts factor.

(5) Unless the context clearly requires otherwise, the definitions in this subsection apply throughout this section.

(a) "Apportionable activities" and "apportionable income" have the same meaning as in RCW 82.04.460.

(b) "State" means a state of the United States, the District of Columbia, the Commonwealth of Puerto Rico, any territory or possession of the United States, or any foreign country or political subdivision of a foreign country.

**Sec. 106.** RCW 82.04.2907 and 2009 c 535 s 407 are each amended to read as follows:

(1) Upon every person engaging within this state in the business of receiving income from royalties ((or charges in the nature of royalties for the granting of intangible rights, such as copyrights, licenses, patents, or franchise fees)), the amount of tax with respect to ((such)) the business ((shall be)) is equal to the gross income from royalties ((or charges in the nature of royalties from the business)) multiplied by the rate of 0.484 percent.

(2) For the purposes of this section, "gross income from royalties" means compensation for the use of intangible property, ((such as)) including charges in the nature of royalties, regardless of where the intangible property will be used. For purposes of this subsection, "intangible property" includes copyrights, patents, licenses, franchises, trademarks, trade names, and similar items. ((It)) Gross income from royalties does not include compensation for any natural resource, the licensing of prewritten computer software to the end user, or the licensing ((or use)) of digital goods, digital codes, or digital automated services to the end user as defined in RCW 82.04.190(11).

**Sec. 107.** RCW 82.04.2907 and 2010 c 111 (SHB 2620) s 302 are each amended to read as follows:

(1) Upon every person engaging within this state in the business of receiving income from royalties ((or charges in the nature of royalties for the granting of intangible rights, such as copyrights, licenses, patents, or franchise fees)), the amount of tax with respect to the business is equal to the gross income from royalties ((or charges in the nature of royalties from the business)) multiplied by the rate of 0.484 percent.

(2) For the purposes of this section, "gross income from royalties" means compensation for the use of intangible property, ((such as)) including charges in the nature of royalties, regardless of where the intangible property will be used. For purposes of this subsection, "intangible property" includes copyrights, patents, licenses, franchises, trademarks, trade names, and similar items. ((It)) Gross income from royalties does not include compensation for any natural resource, the licensing of prewritten computer software to the end user, or the licensing of digital goods, digital codes, or digital automated services to the end user as defined in RCW 82.04.190(11).

**Sec. 108.** RCW 82.04.460 and 2004 c 174 s 6 are each amended to read as follows:

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(1) Except as otherwise provided in this section, any person ((rendering services)) earning apportionable income taxable under ((RCW 82.04.290 or 82.04.2908)) this chapter and ((maintaining places of business both within and without this state which contribute to the rendition of such services shall)) also taxable in another state, must, for the purpose of computing tax liability under ((RCW 82.04.290 or 82.04.2908)) this chapter, apportion to this state, in accordance with section 105 of this act, that portion of the person's ((gross)) apportionable income ((which is)) derived from ((services rendered)) business activities performed within this state. ((Where such apportionment cannot be accurately made by separate accounting methods, the taxpayer shall apportion to this state that proportion of the taxpayer's total income which the cost of doing business within the state bears to the total cost of doing business both within and without the state.))

(2) ((Notwithstanding the provision of subsection (1) of this section, persons doing business both within and without the state who receive gross income from service charges, as defined in RCW 63.14.010 (relating to amounts charged for granting the right or privilege to make deferred or installment payments) or who receive gross income from engaging in business as financial institutions within the scope of chapter 82.14A RCW (relating to city taxes on financial institutions) shall apportion or allocate gross income taxable under RCW 82.04.290 to this state pursuant to rules promulgated by the department consistent with uniform rules for apportionment or allocation developed by the states.)) The department must by rule provide a method of apportioning the apportionable income of financial institutions, where such apportionable income is taxable under RCW 82.04.290. The rule adopted by the department must, to the extent feasible, be consistent with the multistate tax commission's recommended formula for the apportionment and allocation of net income of financial institutions as existing on the effective date of this section or such subsequent date as may be provided by the department by rule, consistent with the purposes of this section, except that:

(a) The department's rule must provide for a single factor apportionment method based on the receipts factor; and

(b) The definition of "financial institution" contained in appendix A to the multistate tax commission's recommended formula for the apportionment and allocation of net income of financial institutions is advisory only.

(3) The department ((shall)) may by rule provide a method or methods of apportioning or allocating gross income derived from sales of telecommunications service and competitive telephone service((s)) taxed under this chapter, if the gross proceeds of sales subject to tax under this chapter do not fairly represent the extent of the taxpayer's income attributable to this state. ((The rules shall be, so far as feasible, consistent with the methods of apportionment contained in this section and shall require the consideration of those facts, circumstances, and apportionment factors as will result in an equitable and constitutionally permissible division of the services.)) The rule must provide for an equitable and constitutionally permissible division of the tax base.

(4) For purposes of this section, the following definitions apply unless the context clearly requires otherwise:

(a) "Apportionable income" means gross income of the business generated from engaging in apportionable activities, including income received from apportionable activities performed outside this state if the income would be taxable under this chapter if received from activities in this state, less the exemptions and deductions allowable under this chapter. For purposes of this subsection, "apportionable activities" means only those activities taxed under:

(i) RCW 82.04.255;

(ii) RCW 82.04.260 (3), (4), (5), (6), (7), (8), (9), and (12);

(iii) RCW 82.04.280(5);  
 (iv) RCW 82.04.285;  
 (v) RCW 82.04.286;  
 (vi) RCW 82.04.290;  
 (vii) RCW 82.04.2907;  
 (viii) RCW 82.04.2908;  
 (ix) RCW 82.04.263, but only to the extent of any activity that would be taxable under any of the provisions enumerated under (a)(i) through (viii) of this subsection (4) if the tax classification in RCW 82.04.263 did not exist; and  
 (x) RCW 82.04.260(13) and 82.04.280(1), but only with respect to advertising.

(b)(i) "Taxable in another state" means that the taxpayer is subject to a business activities tax by another state on its income received from engaging in apportionable activities; or the taxpayer is not subject to a business activities tax by another state on its income received from engaging in apportionable activities, but any other state has jurisdiction to subject the taxpayer to a business activities tax on such income under the substantial nexus standards in section 104(1) of this act.

(ii) For purposes of this subsection (4)(b), "business activities tax" and "state" have the same meaning as in section 105 of this act.

**Sec. 109.** RCW 82.04.080 and 1961 c 15 s 82.04.080 are each amended to read as follows:

(1) "Gross income of the business" means the value proceeding or accruing by reason of the transaction of the business engaged in and includes gross proceeds of sales, compensation for the rendition of services, gains realized from trading in stocks, bonds, or other evidences of indebtedness, interest, discount, rents, royalties, fees, commissions, dividends, and other emoluments however designated, all without any deduction on account of the cost of tangible property sold, the cost of materials used, labor costs, interest, discount, delivery costs, taxes, or any other expense whatsoever paid or accrued and without any deduction on account of losses.

(2) Financial institutions must determine gains realized from trading in stocks, bonds, and other evidences of indebtedness on a net annualized basis. For purposes of this subsection, a financial institution means a person within the scope of the rule adopted by the department under the authority of RCW 82.04.460(2).

**NEW SECTION. Sec. 110.** A new section is added to chapter 82.04 RCW to read as follows:

(1) This chapter does not apply to amounts received by a financial institution from an affiliated person if the amounts are received from transactions that are required to be at arm's length under sections 23A or 23B of the federal reserve act as existing on the effective date of this section or such subsequent date as may be provided by the department by rule, consistent with the purposes of this section. For purposes of this subsection, "financial institution" has the same meaning as in RCW 82.04.080.

(2) As used in this section, "affiliated" means under common control. "Common control" means the possession, directly or indirectly, of more than fifty percent of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting shares, by contract, or otherwise.

**NEW SECTION. Sec. 111.** A new section is added to chapter 82.04 RCW to read as follows:

(1) This chapter does not apply to amounts received by investment conduits or securitization entities from cash and securities.

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

(a) "Investment conduit" means an entity formed by a financial institution as defined in RCW 82.04.080 for the express purpose of holding or owning cash or securities if the entity formed:

- (i) Has no employees;
- (ii) Has no direct profit-making motive;

(iii) Owns no tangible assets, other than cash or securities;  
 (iv) Holds or owns cash or securities solely as a conduit, allocating its income to holders of its ownership interests; and  
 (v) Has, within twelve months of its organization or initial capitalization date, issued ownership interests to other than affiliated persons, equal to or greater than twenty-five percent of its total issued ownership interests.

(b) "Securities" has the same meaning as in section 2 of the securities act of 1933 and includes eligible assets as defined by Rule 3a-7 of the investment company act, as the law and rule exist on the effective date of this section or such subsequent date as may be provided by the department by rule, consistent with the purposes of this section.

(c) "Securitization entity" means an entity created by a bank holding company if the entity created:

- (i) Has no employees;
- (ii) Has no direct profit-making motive;

(iii) Owns no tangible assets, other than cash, fixed or revolving discrete pools of credit or charge card receivables originated by a financial institution, or securities;

(iv) Acts solely as a conduit, allocating its income to holders of its ownership interests; and

- (v) Has as its sole business activities the:

(A) Acquisition of such discrete pools of credit or charge card receivables; and

(B) Issuance or causing the issuance of securities primarily to persons not affiliated with the entity.

(d) "Bank holding company" has the same meaning as provided in the bank holding company act of 1956, as existing on the effective date of this section or such subsequent date as may be provided by the department by rule, consistent with the purposes of this section.

(e) "No direct profit-making motive" means that all of an entity's income, less a reasonable servicing fee, is paid to holders of its ownership interests.

(f) "Ownership interest" means interests categorized as debt or equity for purposes of federal tax or generally accepted accounting principles.

(g) "Affiliated" has the same meaning as in section 110 of this act.

**NEW SECTION. Sec. 112.** A new section is added to chapter 82.04 RCW to read as follows:

(1) In computing tax there may be deducted from the measure of tax interest and fees on loans secured by commercial aircraft primarily used to provide routine air service and owned by:

(a) An air carrier, as defined in RCW 82.42.030, which is primarily engaged in the business of providing passenger air service;

- (b) An affiliate of such air carrier; or

- (c) A parent entity for which such air carrier is an affiliate.

(2) The deduction authorized under this section is not available to any person who is physically present in this state as determined under section 104(6) of this act.

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

(a) "Affiliate" means a person is "affiliated," as defined in section 110 of this act, with another person; and

(b) "Commercial aircraft" means a commercial airplane as defined in RCW 82.32.550.

## PART II Tax Avoidance Transactions

**NEW SECTION. Sec. 201.** A new section is added to chapter 82.32 RCW to read as follows:

(1) It is the legislature's intent to require all taxpayers to pay their fair share of taxes. To accomplish this purpose, it is the legislature's intent to stop transactions or arrangements that are designed to unfairly avoid taxes.

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(2) The department must disregard, for tax purposes, the tax avoidance transactions or arrangements that are described in subsection (3) of this section. The department must deny the tax benefit that would otherwise result from the tax avoidance transaction or arrangement. In determining whether the department must disregard a transaction or arrangement described under subsection (3) of this section, the department may consider:

(a) Whether an arrangement or transaction changes in a meaningful way, apart from its tax effects, the economic positions of the participants in the arrangement when considered as a whole;

(b) Whether substantial nontax reasons exist for entering into an arrangement or transaction;

(c) Whether an arrangement or transaction is a reasonable means of accomplishing a substantial nontax purpose;

(d) An entities' relative contributions to the work that generates income;

(e) The location where work is performed; and

(f) Other relevant factors.

(3) This section applies only to the following transactions or arrangements:

(a) Arrangements that are, in form, a joint venture or similar arrangement between a construction contractor and the owner or developer of a construction project but that are, in substance, substantially guaranteed payments for the purchase of construction services characterized by a failure of the parties' agreement to provide for the contractor to share substantial profits and bear significant risk of loss in the venture;

(b) Arrangements through which a taxpayer attempts to avoid tax under chapter 82.04 RCW by disguising income received, or otherwise avoiding tax on income, from a person that is not affiliated with the taxpayer from business activities that would be taxable in Washington by moving that income to another entity that would not be taxable in Washington; and

(c) Arrangements through which a taxpayer attempts to avoid tax under chapter 82.08 or 82.12 RCW by engaging in a transaction to disguise its purchase or use of tangible personal property by vesting legal title or other ownership interest in another entity over which the taxpayer exercises control in such a manner as to effectively retain control of the tangible personal property.

(4) In determining whether a transaction or arrangement comes within the scope of subsection (3) of this section, the department is not required to prove a taxpayer's subjective intent in engaging in the transaction or arrangement.

(5) The department must adopt rules to assist in determining whether a transaction or arrangement is within the scope of subsection (3) of this section. The adoption of a rule as required under this subsection is not a condition precedent for the department's exercise of the authority provided in this section. Any rules adopted under this section must include examples of transactions that the department will disregard for tax purposes.

(6) This section does not affect the department's authority to apply any other remedies available under statutory or common law.

(7) For purposes of this section, "affiliated" means under common control. "Control" means the possession, directly or indirectly, of more than fifty percent of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting shares, by contract, or otherwise.

**NEW SECTION. Sec. 202.** A new section is added to chapter 82.32 RCW to read as follows:

(1)(a) The department may not use section 201 of this act to disregard any transaction or arrangement initiated before the effective date of this section, if, in respect to such transaction or arrangement, the taxpayer had reported its tax liability in conformance with either specific written instructions provided by the department to the taxpayer, a determination published under the

authority of RCW 82.32.410, or other document made available by the department to the general public.

(b) This section does not apply if the transaction or arrangement engaged in by the taxpayer differs materially from the transaction or arrangement that was addressed in the specific written instructions, published determination, or other document made available by the department to the general public.

(2) Section 201 of this act does not apply to any tax periods ending before May 1, 2010, that were included in a completed field audit conducted by the department.

(3) For purposes of this section, "specific written instructions" means tax reporting instructions provided to a taxpayer and which specifically identify the taxpayer to whom the instructions apply. Specific written instructions may be provided as part of an audit, tax assessment, determination, closing agreement, or in response to a binding ruling request.

**Sec. 203.** RCW 82.32.090 and 2006 c 256 s 6 are each amended to read as follows:

(1) If payment of any tax due on a return to be filed by a taxpayer is not received by the department of revenue by the due date, there ((shall be)) is assessed a penalty of five percent of the amount of the tax; and if the tax is not received on or before the last day of the month following the due date, there ((shall be)) is assessed a total penalty of fifteen percent of the amount of the tax under this subsection; and if the tax is not received on or before the last day of the second month following the due date, there ((shall be)) is assessed a total penalty of twenty-five percent of the amount of the tax under this subsection. No penalty so added shall be less than five dollars.

(2) If the department of revenue determines that any tax has been substantially underpaid, there ((shall be)) is assessed a penalty of five percent of the amount of the tax determined by the department to be due. If payment of any tax determined by the department to be due is not received by the department by the due date specified in the notice, or any extension thereof, there ((shall be)) is assessed a total penalty of fifteen percent of the amount of the tax under this subsection; and if payment of any tax determined by the department to be due is not received on or before the thirtieth day following the due date specified in the notice of tax due, or any extension thereof, there ((shall be)) is assessed a total penalty of twenty-five percent of the amount of the tax under this subsection. No penalty so added ((shall)) may be less than five dollars. As used in this section, "substantially underpaid" means that the taxpayer has paid less than eighty percent of the amount of tax determined by the department to be due for all of the types of taxes included in, and for the entire period of time covered by, the department's examination, and the amount of underpayment is at least one thousand dollars.

(3) If a warrant ((be)) is issued by the department of revenue for the collection of taxes, increases, and penalties, there ((shall be)) is added thereto a penalty of ten percent of the amount of the tax, but not less than ten dollars.

(4) If the department finds that a person has engaged in any business or performed any act upon which a tax is imposed under this title and that person has not obtained from the department a registration certificate as required by RCW 82.32.030, the department ((shall)) must impose a penalty of five percent of the amount of tax due from that person for the period that the person was not registered as required by RCW 82.32.030. The department ((shall)) may not impose the penalty under this subsection (4) if a person who has engaged in business taxable under this title without first having registered as required by RCW 82.32.030, prior to any notification by the department of the need to register, obtains a registration certificate from the department.

(5) If the department finds that all or any part of a deficiency resulted from the disregard of specific written instructions as to

reporting or tax liabilities, the department ((shall)) must add a penalty of ten percent of the amount of the additional tax found due because of the failure to follow the instructions. A taxpayer disregards specific written instructions when the department ((of revenue)) has informed the taxpayer in writing of the taxpayer's tax obligations and the taxpayer fails to act in accordance with those instructions unless the department has not issued final instructions because the matter is under appeal pursuant to this chapter or departmental regulations. The department ((shall)) may not assess the penalty under this section upon any taxpayer who has made a good faith effort to comply with the specific written instructions provided by the department to that taxpayer. Specific written instructions may be given as a part of a tax assessment, audit, determination, or closing agreement, provided that such specific written instructions ((shall)) apply only to the taxpayer addressed or referenced on such documents. Any specific written instructions by the department ((of revenue shall)) must be clearly identified as such and ((shall)) must inform the taxpayer that failure to follow the instructions may subject the taxpayer to the penalties imposed by this subsection.

(6) If the department finds that all or any part of a deficiency resulted from engaging in a disregarded transaction, as described in section 201(3) of this act, the department must assess a penalty of thirty-five percent of the additional tax found to be due as a result of engaging in a transaction disregarded by the department under section 201(2) of this act. The penalty provided in this subsection may be assessed together with any other applicable penalties provided in this section on the same tax found to be due, except for the evasion penalty provided in subsection (7) of this section. The department may not assess the penalty under this subsection if, before the department discovers the taxpayer's use of a transaction described under section 201(3) of this act, the taxpayer discloses its participation in the transaction to the department.

(7) If the department finds that all or any part of the deficiency resulted from an intent to evade the tax payable hereunder, a further penalty of fifty percent of the additional tax found to be due ((shall)) must be added.

((7)) (8) The penalties imposed under subsections (1) through (4) of this section can each be imposed on the same tax found to be due. This subsection does not prohibit or restrict the application of other penalties authorized by law.

((8)) (9) The department ((of revenue)) may not impose ((both)) the evasion penalty ((and)) in combination with the penalty for disregarding specific written instructions or the penalty provided in subsection (6) of this section on the same tax found to be due.

((9)) (10) For the purposes of this section, "return" means any document a person is required by the state of Washington to file to satisfy or establish a tax or fee obligation that is administered or collected by the department ((of revenue)), and that has a statutorily defined due date.

**NEW SECTION. Sec. 204.** A new section is added to chapter 82.32 RCW to read as follows:

There is hereby created a joint tax avoidance review committee which is a bipartisan committee consisting of three members of the senate, two from the majority caucus and one from the minority caucus, and three members of the house of representatives, two from the majority caucus and one from the minority caucus. The senate members of the committee must be appointed by the majority leader of the senate, and the house members of the committee must be appointed by the speaker of the house. The appointing authorities must also appoint one alternate member from each of the two largest caucuses of each legislative chamber.

(1)(a) Members and alternates must be appointed as soon as possible after the effective date of this section, and their terms continue until such persons no longer wish to serve on the

committee or no longer serve in the legislature, whichever occurs first.

(b) A vacancy must be filled by the appointment of a legislator from the same legislative chamber and caucus as the original appointment. The appropriate appointing authority must make the appointment within thirty days of the vacancy occurring. Former committee members and alternates may be reappointed to the committee.

(2) The committee must choose its chair and vice-chair from among its membership. The committee meets at the call of the chair. The chair of the committee must cause all meeting notices and committee documents to be sent to the committee members and alternates.

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

(4) The committee must:

(a) Generally monitor the department's implementation of Part II of this act, providing timely advice to the department in any rule making undertaken pursuant to the authority granted under section 201 of this act;

(b) Seek input from stakeholders and other legislators as the committee may determine is desirable and useful in the furtherance of its mission herein described;

(c) Review other cases, identified by the department, of tax avoidance transactions not described in section 201 of this act that may represent examples of arrangements that circumvent the policies of this state and thus unfairly avoid taxes;

(d) Consider the need for an explicit statutory construction standard to provide direction to the courts on the interpretation of Part II of this act; and

(e) Provide a report to the fiscal committees of the house of representatives and senate by December 31, 2010, which must include:

(i) Recommended legislation on any matters that the committee deems advisable, including amendments to sections 201, 202, and 203 of this act; and

(ii) Recommendations for future legislative oversight of the department's implementation of sections 201, 202, and 203 of this act.

(5) For the purposes of this section, the disclosure of otherwise confidential tax information to the members of the committee is deemed to fall within the exception provided by RCW 82.32.330(3)(d).

(6) This section expires July 1, 2011.

**NEW SECTION. Sec. 205.** (1) The legislature finds that this state's tax policy with respect to the taxation of transactions between affiliated entities and the income derived from such transactions (intercompany transactions) has motivated some taxpayers to engage in transactions designed solely or primarily to minimize the tax effects of intercompany transactions. The legislature further finds that some intercompany transactions result from taxpayers that are required to establish affiliated entities to comply with regulatory mandates and that transactions between such affiliates effectively increases the tax burden in this state on the affiliated group of entities.

(2) Therefore, as existing resources allow, the department of revenue is directed to conduct a review of the state's tax policy with respect to the taxation of intercompany transactions. The review must include the impacts of such transactions under the state's business and occupation tax and state and local sales and use taxes. The department may include other taxes in the review as it deems appropriate.

(3) In conducting the review, the department must examine how this state's tax policy compares to the tax policy of other states with respect to the taxation of intercompany transactions. The

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department's review must include an analysis of potential alternatives to the current policy of taxing intercompany transactions, including their estimated revenue impacts if practicable.

(4) In conducting this review, the department may seek input from members of the business community and others as it deems appropriate.

(5) The department must report its findings to the fiscal committees of the house of representatives and senate by December 1, 2010. However, if the department has not completed its review by December 1, 2010, the department must provide the fiscal committees of the legislature with a brief status report by December 1, 2010, and the final report by December 1, 2011.

**Sec. 206.** RCW 82.12.020 and 2009 c 535 s 305 are each amended to read as follows:

(1) There is ((hereby)) levied and ((there shall be)) collected from every person in this state a tax or excise for the privilege of using within this state as a consumer any:

(a) Article of tangible personal property ((purchased at retail, or)) acquired by ((lease, gift, repossession, or bailment, or extracted or produced or manufactured by the person so using the same, or otherwise furnished to a person engaged in any business taxable under RCW 82.04.280 (2) or (7))) the user in any manner, including tangible personal property acquired at a casual or isolated sale, and including by-products used by the manufacturer thereof, except as otherwise provided in this chapter, irrespective of whether the article or similar articles are manufactured or are available for purchase within this state;

(b) Prewritten computer software, regardless of the method of delivery, but excluding prewritten computer software that is either provided free of charge or is provided for temporary use in viewing information, or both;

(c) Services defined as a retail sale in RCW 82.04.050 (2)(a) or (g), (3)(a), or (6)(b), excluding services defined as a retail sale in RCW 82.04.050(6)(b) that are provided free of charge;

(d) Extended warranty; or

(e)(i) Digital good, digital code, or digital automated service, including the use of any services provided by a seller exclusively in connection with digital goods, digital codes, or digital automated services, whether or not a separate charge is made for such services.

(ii) With respect to the use of digital goods, digital automated services, and digital codes acquired by purchase, the tax imposed in this subsection (1)(e) applies in respect to:

(A) Sales in which the seller has granted the purchaser the right of permanent use;

(B) Sales in which the seller has granted the purchaser a right of use that is less than permanent;

(C) Sales in which the purchaser is not obligated to make continued payment as a condition of the sale; and

(D) Sales in which the purchaser is obligated to make continued payment as a condition of the sale.

(iii) With respect to digital goods, digital automated services, and digital codes acquired other than by purchase, the tax imposed in this subsection (1)(e) applies regardless of whether or not the consumer has a right of permanent use or is obligated to make continued payment as a condition of use.

(2) The provisions of this chapter do not apply in respect to the use of any article of tangible personal property, extended warranty, digital good, digital code, digital automated service, or service taxable under RCW 82.04.050 (2)(a) or (g), (3)(a), or (6)(b), if the sale to, or the use by, the present user or the present user's bailor or donor has already been subjected to the tax under chapter 82.08 RCW or this chapter and the tax has been paid by the present user or by the present user's bailor or donor.

(3)(a) Except as provided in this section, payment of the tax imposed by this chapter or chapter 82.08 RCW by one purchaser or user of tangible personal property, extended warranty, digital good, digital code, digital automated service, or other service does not have the effect of exempting any other purchaser or user of the same property, extended warranty, digital good, digital code, digital automated service, or other service from the taxes imposed by such chapters.

(b) The tax imposed by this chapter does not apply:

(i) If the sale to, or the use by, the present user or his or her bailor or donor has already been subjected to the tax under chapter 82.08 RCW or this chapter and the tax has been paid by the present user or by his or her bailor or donor;

(ii) In respect to the use of any article of tangible personal property acquired by bailment and the tax has once been paid based on reasonable rental as determined by RCW 82.12.060 measured by the value of the article at time of first use multiplied by the tax rate imposed by chapter 82.08 RCW or this chapter as of the time of first use;

(iii) In respect to the use of any article of tangible personal property acquired by bailment, if the property was acquired by a previous bailee from the same bailor for use in the same general activity and the original bailment was prior to June 9, 1961; or

(iv) To the use of digital goods or digital automated services, which were obtained through the use of a digital code, if the sale of the digital code to, or the use of the digital code by, the present user or the present user's bailor or donor has already been subjected to the tax under chapter 82.08 RCW or this chapter and the tax has been paid by the present user or by the present user's bailor or donor.

(4)(a) Except as provided in (b) of this subsection (4), the tax is levied and must be collected in an amount equal to the value of the article used, value of the digital good or digital code used, value of the extended warranty used, or value of the service used by the taxpayer, multiplied by the applicable rates in effect for the retail sales tax under RCW 82.08.020.

(b) In the case of a seller required to collect use tax from the purchaser, the tax must be collected in an amount equal to the purchase price multiplied by the applicable rate in effect for the retail sales tax under RCW 82.08.020.

(5) For purposes of the tax imposed in this section, "person" includes anyone within the definition of "buyer," "purchaser," and "consumer" in RCW 82.08.010.

**Sec. 207.** RCW 82.45.010 and 2008 c 116 s 3 and 2008 c 6 s 701 are each reenacted and amended to read as follows:

(1) As used in this chapter, the term "sale" ((shall have)) has its ordinary meaning and ((shall)) includes any conveyance, grant, assignment, quitclaim, or transfer of the ownership of or title to real property, including standing timber, or any estate or interest therein for a valuable consideration, and any contract for such conveyance, grant, assignment, quitclaim, or transfer, and any lease with an option to purchase real property, including standing timber, or any estate or interest therein or other contract under which possession of the property is given to the purchaser, or any other person at the purchaser's direction, and title to the property is retained by the vendor as security for the payment of the purchase price. The term also includes the grant, assignment, quitclaim, sale, or transfer of improvements constructed upon leased land.

(2)(a) The term "sale" also includes the transfer or acquisition within any twelve-month period of a controlling interest in any entity with an interest in real property located in this state for a valuable consideration.

(b) For the sole purpose of determining whether, pursuant to the exercise of an option, a controlling interest was transferred or acquired within a twelve-month period, the date that the option agreement was executed is the date on which the transfer or

acquisition of the controlling interest is deemed to occur. For all other purposes under this chapter, the date upon which the option is exercised is the date of the transfer or acquisition of the controlling interest.

(c) For purposes of this subsection, all acquisitions of persons acting in concert ((shall)) must be aggregated for purposes of determining whether a transfer or acquisition of a controlling interest has taken place. The department ((of revenue shall)) must adopt standards by rule to determine when persons are acting in concert. In adopting a rule for this purpose, the department ((shall)) must consider the following:

((a)) (i) Persons ((shall)) must be treated as acting in concert when they have a relationship with each other such that one person influences or controls the actions of another through common ownership; and

((b)) (ii) When persons are not commonly owned or controlled, they ((shall)) must be treated as acting in concert only when the unity with which the purchasers have negotiated and will consummate the transfer of ownership interests supports a finding that they are acting as a single entity. If the acquisitions are completely independent, with each purchaser buying without regard to the identity of the other purchasers, then the acquisitions ((shall be)) are considered separate acquisitions.

(3) The term "sale" ((shall)) does not include:

(a) A transfer by gift, devise, or inheritance.

(b) A transfer of any leasehold interest other than of the type mentioned above.

(c) A cancellation or forfeiture of a vendee's interest in a contract for the sale of real property, whether or not such contract contains a forfeiture clause, or deed in lieu of foreclosure of a mortgage.

(d) The partition of property by tenants in common by agreement or as the result of a court decree.

(e) The assignment of property or interest in property from one spouse or one domestic partner to the other spouse or other domestic partner in accordance with the terms of a decree of dissolution of marriage or state registered domestic partnership or in fulfillment of a property settlement agreement.

(f) The assignment or other transfer of a vendor's interest in a contract for the sale of real property, even though accompanied by a conveyance of the vendor's interest in the real property involved.

(g) Transfers by appropriation or decree in condemnation proceedings brought by the United States, the state or any political subdivision thereof, or a municipal corporation.

(h) A mortgage or other transfer of an interest in real property merely to secure a debt, or the assignment thereof.

(i) Any transfer or conveyance made pursuant to a deed of trust or an order of sale by the court in any mortgage, deed of trust, or lien foreclosure proceeding or upon execution of a judgment, or deed in lieu of foreclosure to satisfy a mortgage or deed of trust.

(j) A conveyance to the federal housing administration or veterans administration by an authorized mortgagee made pursuant to a contract of insurance or guaranty with the federal housing administration or veterans administration.

(k) A transfer in compliance with the terms of any lease or contract upon which the tax as imposed by this chapter has been paid or where the lease or contract was entered into prior to the date this tax was first imposed.

(l) The sale of any grave or lot in an established cemetery.

(m) A sale by the United States, this state or any political subdivision thereof, or a municipal corporation of this state.

(n) A sale to a regional transit authority or public corporation under RCW 81.112.320 under a sale/leaseback agreement under RCW 81.112.300.

(o) A transfer of real property, however effected, if it consists of a mere change in identity or form of ownership of an entity where

there is no change in the beneficial ownership. These include transfers to a corporation or partnership which is wholly owned by the transferor and/or the transferor's spouse or domestic partner or children of the transferor or the transferor's spouse or domestic partner((~~PROVIDED, That~~)). However, if thereafter such transferee corporation or partnership voluntarily transfers such real property, or such transferor, spouse or domestic partner, or children of the transferor or the transferor's spouse or domestic partner voluntarily transfer stock in the transferee corporation or interest in the transferee partnership capital, as the case may be, to other than ((1)) (i) the transferor and/or the transferor's spouse or domestic partner or children of the transferor or the transferor's spouse or domestic partner, ((2)) (ii) a trust having the transferor and/or the transferor's spouse or domestic partner or children of the transferor or the transferor's spouse or domestic partner as the only beneficiaries at the time of the transfer to the trust, or ((3)) (iii) a corporation or partnership wholly owned by the original transferor and/or the transferor's spouse or domestic partner or children of the transferor or the transferor's spouse or domestic partner, within three years of the original transfer to which this exemption applies, and the tax on the subsequent transfer has not been paid within sixty days of becoming due, excise taxes ((shall)) become due and payable on the original transfer as otherwise provided by law.

(p)(i) A transfer that for federal income tax purposes does not involve the recognition of gain or loss for entity formation, liquidation or dissolution, and reorganization, including but not limited to nonrecognition of gain or loss because of application of ((section)) 26 U.S.C. Sec. 332, 337, 351, 368(a)(1), 721, or 731 of the internal revenue code of 1986, as amended.

(ii) However, the transfer described in (p)(i) of this subsection cannot be preceded or followed within a twelve-month period by another transfer or series of transfers, that, when combined with the otherwise exempt transfer or transfers described in (p)(i) of this subsection, results in the transfer of a controlling interest in the entity for valuable consideration, and in which one or more persons previously holding a controlling interest in the entity receive cash or property in exchange for any interest the person or persons acting in concert hold in the entity. This subsection (3)(p)(ii) does not apply to that part of the transfer involving property received that is the real property interest that the person or persons originally contributed to the entity or when one or more persons who did not contribute real property or belong to the entity at a time when real property was purchased receive cash or personal property in exchange for that person or persons' interest in the entity. The real estate excise tax under this subsection (3)(p)(ii) is imposed upon the person or persons who previously held a controlling interest in the entity.

(q) A qualified sale of a manufactured/mobile home community, as defined in RCW 59.20.030, that takes place on or after June 12, 2008, but before December 31, 2018.

**Sec. 208.** RCW 82.45.033 and 1993 sp.s c 25 s 505 are each amended to read as follows:

(1) As used in this chapter, the term "controlling interest" has the following meaning:

((1)) (a) In the case of a corporation, either fifty percent or more of the total combined voting power of all classes of stock of the corporation entitled to vote, or fifty percent of the capital, profits, or beneficial interest in the voting stock of the corporation; and

((2)) (b) In the case of a partnership, association, trust, or other entity, fifty percent or more of the capital, profits, or beneficial interest in such partnership, association, trust, or other entity.

(2) The department may, at the department's option, enforce the obligation of the seller under this chapter as provided in this subsection (2):

(a) In the transfer or acquisition of a controlling interest as defined in subsection (1)(a) of this section, either against the corporation in which a controlling interest is transferred or acquired,

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against the person or persons who acquired the controlling interest in the corporation or, when the corporation is not a publicly traded company, against the person or persons who transferred the controlling interest in the corporation; and

(b) In the transfer or acquisition of a controlling interest as defined in subsection (1)(b) of this section, either against the entity in which a controlling interest is transferred or acquired or against the person or persons who transferred or acquired the controlling interest in the entity.

**Sec. 209.** RCW 82.45.070 and 1969 ex.s. c 223 s 28A.45.070 are each amended to read as follows:

The tax ((herein)) provided for in this chapter and any interest or penalties thereon ((shall be)) is a specific lien upon each ((piece)) parcel of real property located in this state that is either sold or that is owned by an entity in which a controlling interest has been transferred or acquired. The lien attaches from the time of sale until the tax ((shall have been)) is paid, which lien may be enforced in the manner prescribed for the foreclosure of mortgages.

**Sec. 210.** RCW 82.45.080 and 1980 c 154 s 3 are each amended to read as follows:

(1) The tax levied under this chapter ((shall be)) is the obligation of the seller and the department ((of revenue)) may, at the department's option, enforce the obligation through an action of debt against the seller or the department may proceed in the manner prescribed for the foreclosure of mortgages ((and resort to)). The department's use of one course of enforcement ((shall)) is not ((be)) an election not to pursue the other.

(2) For purposes of this section and notwithstanding any other provisions of law, the seller is the parent corporation of a wholly owned subsidiary, when such subsidiary is the transferor to a third-party transferee and the subsidiary is dissolved before paying the tax imposed under this chapter.

**Sec. 211.** RCW 82.45.100 and 2007 c 111 s 112 are each amended to read as follows:

(1) Payment of the tax imposed under this chapter is due and payable immediately at the time of sale, and if not paid within one month thereafter ((shall)) will bear interest from the time of sale until the date of payment.

(a) Interest imposed before January 1, 1999, ((shall be)) is computed at the rate of one percent per month.

(b) Interest imposed after December 31, 1998, ((shall be)) is computed on a monthly basis at the rate as computed under RCW 82.32.050(2). The rate so computed ((shall)) must be adjusted on the first day of January of each year for use in computing interest for that calendar year. The department ((of revenue shall)) must provide written notification to the county treasurers of the variable rate on or before December 1st of the year preceding the calendar year in which the rate applies.

(2) In addition to the interest described in subsection (1) of this section, if the payment of any tax is not received by the county treasurer or the department of revenue, as the case may be, within one month of the date due, there ((shall be)) is assessed a penalty of five percent of the amount of the tax; if the tax is not received within two months of the date due, there ((shall)) will be assessed a total penalty of ten percent of the amount of the tax; and if the tax is not received within three months of the date due, there ((shall)) will be assessed a total penalty of twenty percent of the amount of the tax. The payment of the penalty described in this subsection ((shall be)) is collectible from the seller only, and RCW 82.45.070 does not apply to the penalties described in this subsection.

(3) If the tax imposed under this chapter is not received by the due date, the transferee ((shall be)) is personally liable for the tax, along with any interest as provided in subsection (1) of this section, unless((:

—(a)) an instrument evidencing the sale is recorded in the official

real property records of the county in which the property conveyed is located((; or

—(b) Either the transferor or transferee notifies the department of revenue in writing of the occurrence of the sale within thirty days following the date of the sale).

(4) If upon examination of any affidavits or from other information obtained by the department or its agents it appears that all or a portion of the tax is unpaid, the department ((shall)) must assess against the taxpayer the additional amount found to be due plus interest and penalties as provided in subsections (1) and (2) of this section. The department ((shall)) must notify the taxpayer by mail, or electronically as provided in RCW 82.32.135, of the additional amount and the same ((shall)) becomes due and ((shall)) must be paid within thirty days from the date of the notice, or within such further time as the department may provide.

(5) No assessment or refund may be made by the department more than four years after the date of sale except upon a showing of:

(a) Fraud or misrepresentation of a material fact by the taxpayer;

(b) A failure by the taxpayer to record documentation of a sale or otherwise report the sale to the county treasurer; or

(c) A failure of the transferor or transferee to report the sale under RCW 82.45.090(2).

(6) Penalties collected on taxes due under this chapter under subsection (2) of this section and RCW 82.32.090 (2) through ((7)) (8) ((shall)) must be deposited in the housing trust fund as described in chapter 43.185 RCW.

**Sec. 212.** RCW 82.45.220 and 2005 c 326 s 3 are each amended to read as follows:

(1) An organization that fails to report a transfer of the controlling interest in the organization under RCW 43.07.390 to the secretary of state and is later determined to be subject to real estate excise taxes due to the transfer, ((shall be)) is subject to the provisions of RCW 82.45.100 as well as the evasion penalty in RCW 82.32.090((6)) (7).

(2) Subsection (1) of this section also applies to the failure to report to the secretary of state the granting of an option to acquire an interest in the organization if the exercise of the option would result in a sale as defined in RCW 82.45.010(2).

**Sec. 213.** RCW 43.07.390 and 2005 c 326 s 2 are each amended to read as follows:

(1)(a) The secretary of state ((shall)) must adopt rules requiring any entity that is required to file an annual report with the secretary of state, including entities under Titles 23, 23B, 24, and 25 RCW, to disclose: (i) Any transfer ((is)) of the controlling interest ((of)) in the entity ((and any interest in real property)); and (ii) the granting of any option to acquire an interest in the entity if the exercise of the option would result in a sale as defined in RCW 82.45.010(2).

(b) The disclosure requirement in this subsection only applies to entities owning an interest in real property located in this state.

(2) This information ((shall)) must be made available to the department of revenue upon request for the purposes of tracking the transfer of the controlling interest in entities owning real property and to determine when the real estate excise tax is applicable in such cases.

(3) For the purposes of this section, "controlling interest" has the same meaning as provided in RCW 82.45.033.

### PART III Modifying the First Mortgage Deduction

**Sec. 301.** RCW 82.04.4292 and 1980 c 37 s 12 are each amended to read as follows:

(1) In computing tax there may be deducted from the measure of tax by those engaged in banking, loan, security or other financial businesses, ((amounts derived from)) interest received on

investments or loans primarily secured by first mortgages or trust deeds on nontransient residential properties.

(2) Interest deductible under this section includes the portion of fees charged to borrowers, including points and loan origination fees, that is recognized over the life of the loan as an adjustment to yield in the taxpayer's books and records according to generally accepted accounting principles.

(3) Subsections (1) and (2) of this section notwithstanding, the following is a nonexclusive list of items that are not deductible under this section:

(a) Fees for specific services such as: Document preparation fees; finder fees; brokerage fees; title examination fees; fees for credit checks; notary fees; loan application fees; interest lock-in fees if the loan is not made; servicing fees; and similar fees or amounts;

(b) Fees received in consideration for an agreement to make funds available for a specific period of time at specified terms, commonly referred to as commitment fees;

(c) Any other fees, or portion of a fee, that is not recognized over the life of the loan as an adjustment to yield in the taxpayer's books and records according to generally accepted accounting principles;

(d) Gains on the sale of valuable rights such as service release premiums, which are amounts received when servicing rights are sold; and

(e) Gains on the sale of loans, except deferred loan origination fees and points deductible under subsection (2) of this section, are not to be considered part of the proceeds of sale of the loan.

(4) Notwithstanding subsection (3) of this section, in computing tax there may be deducted from the measure of tax by those engaged in banking, loan, security, or other financial businesses, amounts received for servicing loans primarily secured by first mortgages or trust deeds on nontransient residential properties, including such loans that secure mortgage-backed or mortgage-related securities, but only if:

(a)(i) The loans were originated by the person claiming a deduction under this subsection (4) and that person either sold the loans on the secondary market or securitized the loans and sold the securities on the secondary market; or

(ii)(A) The person claiming a deduction under this subsection (4) acquired the loans from the person that originated the loans through a merger or acquisition of substantially all of the assets of the person who originated the loans, or the person claiming a deduction under this subsection (4) is affiliated with the person that originated the loans. For purposes of this subsection, "affiliated" means under common control. "Control" means the possession, directly or indirectly, of more than fifty percent of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting shares, by contract, or otherwise; and

(B) Either the person who originated the loans or the person claiming a deduction under this subsection (4) sold the loans on the secondary market or securitized the loans and sold the securities on the secondary market; and

(b) The amounts received for servicing the loans are determined by a percentage of the interest paid by the borrower and are only received if the borrower makes interest payments.

#### PART IV

##### Direct Seller Business and Occupation Tax Exemption

**NEW SECTION. Sec. 401.** (1) A business and occupation tax exemption is provided in RCW 82.04.423 for certain out-of-state sellers that sell consumer products exclusively to or through a direct seller's representative. The intent of the legislature in enacting this exemption was to provide a narrow exemption for out-of-state

businesses engaged in direct sales of consumer products, typically accomplished through in-home parties or door-to-door selling.

(2) In *Dot Foods, Inc. v. Dep't of Revenue*, Docket No. 81022-2 (September 10, 2009), the Washington supreme court held that the exemption in RCW 82.04.423 applied to a taxpayer: (a) That sold nonconsumer products through its representative in addition to consumer products; and (b) whose consumer products were ultimately sold at retail in permanent retail establishments.

(3) The legislature finds that most out-of-state businesses selling consumer products in this state will either be eligible for the exemption under RCW 82.04.423 or could easily restructure their business operations to qualify for the exemption. As a result, the legislature expects that the broadened interpretation of the direct sellers' exemption will lead to large and devastating revenue losses. This comes at a time when the state's existing budget is facing a two billion six hundred million dollar shortfall, which could grow, while at the same time the demand for state and state-funded services is also growing. Moreover, the legislature further finds that RCW 82.04.423 provides preferential tax treatment for out-of-state businesses over their in-state competitors and now creates a strong incentive for in-state businesses to move their operations outside Washington.

(4) Therefore, the legislature finds that it is necessary to reaffirm the legislature's intent in establishing the direct sellers' exemption and prevent the loss of revenues resulting from the expanded interpretation of the exemption by amending RCW 82.04.423 retroactively to conform the exemption to the original intent of the legislature and by prospectively ending the direct sellers' exemption as of the effective date of this section.

**Sec. 402.** RCW 82.04.423 and 1983 1st ex.s. c 66 s 5 are each amended to read as follows:

(1) Prior to the effective date of this section, this chapter ((shall)) does not apply to any person in respect to gross income derived from the business of making sales at wholesale or retail if such person:

(a) Does not own or lease real property within this state; and

(b) Does not regularly maintain a stock of tangible personal property in this state for sale in the ordinary course of business; and

(c) Is not a corporation incorporated under the laws of this state; and

(d) Makes sales in this state exclusively to or through a direct seller's representative.

(2) For purposes of this section, the term "direct seller's representative" means a person who buys only consumer products on a buy-sell basis or a deposit-commission basis for resale, by the buyer or any other person, in the home or otherwise than in a permanent retail establishment, or who sells at retail, or solicits the sale at retail of, only consumer products in the home or otherwise than in a permanent retail establishment; and

(a) Substantially all of the remuneration paid to such person, whether or not paid in cash, for the performance of services described in this subsection is directly related to sales or other output, including the performance of services, rather than the number of hours worked; and

(b) The services performed by the person are performed pursuant to a written contract between such person and the person for whom the services are performed and such contract provides that the person will not be treated as an employee with respect to such purposes for federal tax purposes.

(3) Nothing in this section ((shall)) may be construed to imply that a person exempt from tax under this section was engaged in a business activity taxable under this chapter prior to ((the enactment of this section)) August 23, 1983.

#### PART V

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**Business and Occupation Tax Preferences for Manufacturers  
of Products Derived from Certain Agricultural Products**

**NEW SECTION.** **Sec. 501.** (1)(a) In 1967, the legislature amended RCW 82.04.260 in chapter 149, Laws of 1967 ex. sess. to authorize a preferential business and occupation tax rate for slaughtering, breaking, and/or processing perishable meat products and/or selling the same at wholesale. The legislature finds that RCW 82.04.260(4) was interpreted by the state supreme court on January 13, 2005, in *Agrilink Foods, Inc. v. Department of Revenue*, 153 Wn.2d 392 (2005). The supreme court held that the preferential business and occupation tax rate on the slaughtering, breaking, and/or processing of perishable meat products applied to the processing of perishable meat products into nonperishable finished products, such as canned food.

(b) The legislature intends to narrow the exemption provided for slaughtering, breaking, and/or processing perishable meat products and/or selling such products at wholesale by requiring that the end product be a perishable meat product; a nonperishable meat product that is comprised primarily of animal carcass by weight or volume, other than a canned meat product; or a meat by-product.

(2)(a) A business and occupation tax exemption is provided for (i) manufacturing by canning, preserving, freezing, processing, or dehydrating fresh fruits or vegetables, and (ii) selling such products at wholesale by the manufacturer to purchasers who transport the goods out of state in the ordinary course of business. This exemption expires July 1, 2012, and is replaced by a preferential business and occupation tax rate.

(b) The legislature finds that the rationale of the *Agrilink* decision, if applied to these tax preferences, could result in preferential tax treatment for any processed food product that contained any fresh fruit or vegetable as an ingredient, however small the amount.

(c) The legislature intends to narrow the tax preference provided to fruit and vegetable manufacturers by requiring that the end product be comprised either (i) exclusively of fruits and/or vegetables, or (ii) of any combination of fruits, vegetables, and certain other substances that, cumulatively, may not exceed the amount of fruits and vegetables contained in the product measured by weight or volume.

**NEW SECTION.** **Sec. 502.** A new section is added to chapter 82.04 RCW to read as follows:

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

(a) Perishable meat products, by slaughtering, breaking, or processing, if the finished product is a perishable meat product; as to such persons the tax imposed is equal to the value of the perishable meat products manufactured, or, in the case of a processor for hire, the gross income of the business, multiplied by the rate of 0.138 percent;

(b) Meat products, by dehydration, curing, smoking, or any combination of these activities, if the finished meat products are not canned; as to such persons the tax imposed is equal to the value of the meat products manufactured, or, in the case of a processor for hire, the gross income of the business, multiplied by the rate of 0.138 percent;

(c) Hides, tallow, meat meal, and other similar meat by-products, if such products are derived in part from animals and manufactured in a rendering plant licensed under chapter 16.68 RCW; as to such persons the tax imposed is equal to the value of the products manufactured, or, in the case of a processor for hire, the gross income of the business, multiplied by the rate of 0.138 percent.

(2) Upon every person engaging within this state in the business of selling at wholesale:

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(a) Perishable meat products; 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;

(b) Meat products that have been manufactured by the seller by dehydration, curing, smoking, or any combination of such activities, if the finished meat products are not canned; 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;

(c) Hides, tallow, meat meal, and other similar meat by-products, if such products are derived in part from animals and manufactured by the seller in a rendering plant; 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.

(3) The definitions in this subsection apply throughout this section unless the context clearly requires otherwise.

(a) "Animal" means all members of the animal kingdom except humans, fish, and insects.

(b) "Carcass" means all or any parts, including viscera, of a slaughtered animal.

(c) "Fish" means any water-breathing animal, including shellfish.

(d) "Hide" means any unprocessed animal pelt or skin.

(e)(i) "Meat products" means:

(A) Products comprised exclusively of animal carcass; and

(B) Products, such as jerky, sausage, and other cured meat products, that are comprised primarily of animal carcass by weight or volume and may also contain water; nitrates; nitrites; acids; binders and extenders; natural or synthetic casings; colorings; flavorings such as soy sauce, liquid smoke, seasonings, citric acid, sugar, molasses, corn syrup, and vinegar; and similar substances.

(ii) Except as provided in (e)(i) of this subsection (3), "meat products" does not include products containing any cereal grains or cereal-grain products, dairy products, legumes and legume products, fruit or vegetable products as defined in RCW 82.04.260, and similar ingredients, unless the ingredient is used as a flavoring. For purposes of this subsection, "flavoring" means a substance that contains the flavoring constituents derived from a spice, fruit or fruit juice, vegetable or vegetable juice, edible yeast, herb, bark, bud, root, leaf, or any other edible substance of plant origin, whose primary function in food is flavoring or seasoning rather than nutritional, and which may legally appear as "natural flavor," "flavor," or "flavorings" in the ingredient statement on the label of the meat product.

(iii) "Meat products" includes only products that are intended for human consumption as food or animal consumption as feed.

(f) "Perishable" means having a high risk of spoilage within thirty days of manufacture without any refrigeration or freezing.

(g) "Rendering plant" means any place of business or location where dead animals or any part or portion thereof, or packing house refuse, are processed for the purpose of obtaining the hide, skin, grease residue, or any other by-product whatsoever.

**Sec. 503.** RCW 82.04.4266 and 2006 c 354 s 3 are each amended to read as follows:

(1) This chapter ((shall)) does not apply to the value of products or the gross proceeds of sales derived from:

(a) Manufacturing fruit((s)) or vegetable((s)) products by canning, preserving, freezing, processing, or dehydrating fresh fruits or vegetables; or

(b) Selling at wholesale fruit((s)) or vegetable((s)) products 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. A person taking an exemption under this subsection (1)(b) 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.

(2)(a) "Fruit or vegetable products" means:

(i) Products comprised exclusively of fruits, vegetables, or both; and

(ii) Products comprised of fruits, vegetables, or both, and which may also contain water, sugar, salt, seasonings, preservatives, binders, stabilizers, flavorings, yeast, and similar substances. However, the amount of all ingredients contained in the product, other than fruits, vegetables, and water, may not exceed the amount of fruits and vegetables contained in the product measured by weight or volume.

(b) "Fruit or vegetable products" includes only products that are intended for human consumption as food or animal consumption as feed.

(3) This section expires July 1, 2012.

**Sec. 504.** RCW 82.04.4266 and 2010 c 114 (SHB 3066) s 111 are each amended to read as follows:

(1) This chapter does not apply to the value of products or the gross proceeds of sales derived from:

(a) Manufacturing fruit((s)) or vegetable((s)) products by canning, preserving, freezing, processing, or dehydrating fresh fruits or vegetables; or

(b) Selling at wholesale fruit((s)) or vegetable((s)) products 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. A person taking an exemption under this subsection (1)(b) 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.

(2)(a) "Fruit or vegetable products" means:

(i) Products comprised exclusively of fruits, vegetables, or both; and

(ii) Products comprised of fruits, vegetables, or both, and which may also contain water, sugar, salt, seasonings, preservatives, binders, stabilizers, flavorings, yeast, and similar substances. However, the amount of all ingredients contained in the product, other than fruits, vegetables, and water, may not exceed the amount of fruits and vegetables contained in the product measured by weight or volume.

(b) "Fruit or vegetable products" includes only products that are intended for human consumption as food or animal consumption as feed.

(3) A person claiming the exemption provided in this section must file a complete annual survey with the department under RCW 82.32.--- (section 102, chapter 114 (SHB 3066), Laws of 2010).

((3))) (4) This section expires July 1, 2012.

**Sec. 505.** RCW 82.04.260 and 2009 c 479 s 64, 2009 c 461 s 1, and 2009 c 162 s 34 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 ((shall be)) 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, 2012, 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 ((shall be)) 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, 2012, 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 ((shall be)) 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)(i) Beginning July 1, 2012, fruit((s)) or vegetable((s)) products by canning, preserving, freezing, processing, or dehydrating fresh fruits or vegetables, or selling at wholesale fruit((s)) or vegetable((s)) products 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 ((shall be)) 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;

(ii) For purposes of this subsection, "fruit or vegetable products" means:

(A) Products comprised exclusively of fruits, vegetables, or both; or

(B) Products comprised of fruits, vegetables, or both, and which may also contain water, sugar, salt, seasonings, preservatives, binders, stabilizers, flavorings, yeast, and similar substances. However, the amount of all ingredients contained in the product, other than fruits, vegetables, and water, may not exceed the amount of fruits and vegetables contained in the product measured by weight or volume;

(iii) "Fruit and vegetable products" includes only products that are intended for human consumption as food or animal consumption as feed;

(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 ((shall be)) is equal to the value of alcohol fuel, biodiesel fuel, or biodiesel feedstock manufactured, multiplied by the rate of 0.138 percent; and

(f) Alcohol fuel or wood biomass fuel, as those terms are defined in RCW 82.29A.135; as to such persons the amount of tax with respect to the business ((shall be)) is equal to the value of alcohol fuel or 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 ((shall be)) 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 ((shall be)) is equal to the gross income derived from such activities multiplied by the rate of 0.484 percent.

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(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 shall be 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 ~~((shall be))~~ is equal to the gross income derived from such activities multiplied by the rate of 0.275 percent.

((6)) (5) 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 ~~((shall be))~~ 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 ~~((shall be))~~ 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 ~~((shall be))~~ 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 ~~((shall be))~~ 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 ~~((shall))~~ 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 ~~((shall be))~~ 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 ~~((shall be))~~ 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 ~~((shall))~~, in the case of manufacturers, ~~((be))~~ is 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))~~ is equal to the gross income of the business, multiplied by the rate of:

(i) 0.4235 percent from October 1, 2005, through ~~((the later of))~~ 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 ~~((shall))~~, in the case of manufacturers, ~~((be))~~ is 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))~~ is 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 eligible for the tax rate under this subsection ~~((11))~~ (10) must report as required under RCW 82.32.545.

(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 ~~((shall))~~, in the case of extractors, ~~((be))~~ is equal to the value of products, including by-products, extracted, or in the case of extractors for hire, ~~((be))~~ is 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 ~~((shall))~~, in the case of manufacturers, ~~((be))~~ is equal to the value of products, including by-products, manufactured, or in the case of processors for hire, ~~((be))~~ is 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 ~~((shall be))~~ 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 ~~((shall be))~~ 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.

~~((13))~~ (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 ~~((shall be))~~ is equal to the gross income derived from such activities multiplied by the rate of 0.484 percent.

~~((14))~~ (13) 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.

**Sec. 506.** RCW 82.04.260 and 2010 c 114 (SHB 3066) s 107 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, 2012, 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, 2012, 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)~~(i)~~ Beginning July 1, 2012, fruit~~((s))~~ or vegetable~~((s))~~ products by canning, preserving, freezing, processing, or dehydrating fresh fruits or vegetables, or selling at wholesale fruit~~((s))~~ or vegetable~~((s))~~ products 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;

(ii) For purposes of this subsection, "fruit or vegetable products" means:

(A) Products comprised exclusively of fruits, vegetables, or both; or

(B) Products comprised of fruits, vegetables, or both, and which may also contain water, sugar, salt, seasonings, preservatives, binders, stabilizers, flavorings, yeast, and similar substances. However, the amount of all ingredients contained in the product, other than fruits, vegetables, and water, may not exceed the amount of fruits and vegetables contained in the product measured by weight or volume;

(iii) "Fruit and vegetable products" includes only products that are intended for human consumption as food or animal consumption as feed;

(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

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(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)) ~~(5)~~ 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

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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.--- (section 103, chapter 114 (SHB 3066), Laws of 2010).

(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.--- (section 102, chapter 114 (SHB 3066), Laws of 2010).

((13)) (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.

((14)) (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.--- (section 103, chapter 114 (SHB 3066), Laws of 2010).

**Sec. 507.** RCW 82.04.250 and 2008 c 81 s 5 are each amended to read as follows:

(1) Upon every person engaging within this state in the business of making sales at retail, except persons taxable as retailers under other provisions of this chapter, as to such persons, the amount of tax with respect to such business ((shall be)) is equal to the gross proceeds of sales of the business, multiplied by the rate of 0.471 percent.

(2) Upon every person engaging within this state in the business of making sales at retail that are exempt from the tax imposed under chapter 82.08 RCW by reason of RCW 82.08.0261, 82.08.0262, or 82.08.0263, except persons taxable under RCW 82.04.260((14)) (10) or subsection (3) of this section, as to such persons, the amount of tax with respect to such business ((shall be)) is equal to the gross proceeds of sales of the business, multiplied by the rate of 0.484 percent.

(3) Upon every person classified by the federal aviation administration as a federal aviation regulation part 145 certificated repair station and that is engaging within this state in the business of making sales at retail that are exempt from the tax imposed under chapter 82.08 RCW by reason of RCW 82.08.0261, 82.08.0262, or 82.08.0263, as to such persons, the amount of tax with respect to such business ((shall be)) is equal to the gross proceeds of sales of the business, multiplied by the rate of .2904 percent.

**Sec. 508.** RCW 82.04.250 and 2010 1st sp.s. c 11 (SSB 6712) s 1 are each amended to read as follows:

(1) Upon every person engaging within this state in the business of making sales at retail, except persons taxable as retailers under other provisions of this chapter, as to such persons, the amount of tax with respect to such business is equal to the gross proceeds of sales of the business, multiplied by the rate of 0.471 percent.

(2) Upon every person engaging within this state in the business of making sales at retail that are exempt from the tax imposed under chapter 82.08 RCW by reason of RCW 82.08.0261, 82.08.0262, or 82.08.0263, except persons taxable under RCW 82.04.260((14)) (10) or subsection (3) of this section, as to such persons, the amount of tax with respect to such business is equal to the gross proceeds of sales of the business, multiplied by the rate of 0.484 percent.

(3) Until July 1, 2024, upon every person classified by the federal aviation administration as a federal aviation regulation part 145 certificated repair station and that is engaging within this state in the business of making sales at retail that are exempt from the tax imposed under chapter 82.08 RCW by reason of RCW 82.08.0261, 82.08.0262, or 82.08.0263, as to such persons, the amount of tax with respect to such business is equal to the gross proceeds of sales of the business, multiplied by the rate of .2904 percent.

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**Sec. 509.** RCW 82.04.250 and 2007 c 54 s 5 are each amended to read as follows:

(1) Upon every person engaging within this state in the business of making sales at retail, except persons taxable as retailers under other provisions of this chapter, as to such persons, the amount of tax with respect to such business ((shall be)) is equal to the gross proceeds of sales of the business, multiplied by the rate of 0.471 percent.

(2) Upon every person engaging within this state in the business of making sales at retail that are exempt from the tax imposed under chapter 82.08 RCW by reason of RCW 82.08.0261, 82.08.0262, or 82.08.0263, except persons taxable under RCW 82.04.260(((11))) (10), as to such persons, the amount of tax with respect to such business ((shall be)) is equal to the gross proceeds of sales of the business, multiplied by the rate of 0.484 percent.

**Sec. 510.** RCW 82.04.261 and 2007 c 54 s 7 and 2007 c 48 s 4 are each reenacted and amended to read as follows:

(1) In addition to the taxes imposed under RCW 82.04.260(((12))) (11), a surcharge is imposed on those persons who are subject to any of the taxes imposed under RCW 82.04.260(((12))) (11). Except as otherwise provided in this section, the surcharge is equal to 0.052 percent. The surcharge is added to the rates provided in RCW 82.04.260(((12))) (11) (a), (b), (c), and (d). The surcharge and this section expire July 1, 2024.

(2) All receipts from the surcharge imposed under this section ((shall)) must be deposited into the forest and fish support account created in RCW 76.09.405.

(3)(a) The surcharge imposed under this section ((shall be)) is suspended if:

(i) Receipts from the surcharge total at least eight million dollars during any fiscal biennium; or

(ii) The office of financial management certifies to the department that the federal government has appropriated at least two million dollars for participation in forest and fish report-related activities by federally recognized Indian tribes located within the geographical boundaries of the state of Washington for any federal fiscal year.

(b)(i) The suspension of the surcharge under (a)(i) of this subsection (3) ((shall)) takes effect on the first day of the calendar month that is at least thirty days after the end of the month during which the department determines that receipts from the surcharge total at least eight million dollars during the fiscal biennium. The surcharge ((shall be)) is imposed again at the beginning of the following fiscal biennium.

(ii) The suspension of the surcharge under (a)(ii) of this subsection (3) ((shall)) takes effect on the later of the first day of October of any federal fiscal year for which the federal government appropriates at least two million dollars for participation in forest and fish report-related activities by federally recognized Indian tribes located within the geographical boundaries of the state of Washington, or the first day of a calendar month that is at least thirty days following the date that the office of financial management makes a certification to the department under subsection (5) of this section. The surcharge ((shall be)) is imposed again on the first day of the following July.

(4)(a) If, by October 1st of any federal fiscal year, the office of financial management certifies to the department that the federal government has appropriated funds for participation in forest and fish report-related activities by federally recognized Indian tribes located within the geographical boundaries of the state of Washington but the amount of the appropriation is less than two million dollars, the department ((shall)) must adjust the surcharge in accordance with this subsection.

(b) The department ((shall)) must adjust the surcharge by an amount that the department estimates will cause the amount of funds

deposited into the forest and fish support account for the state fiscal year that begins July 1st and that includes the beginning of the federal fiscal year for which the federal appropriation is made, to be reduced by twice the amount of the federal appropriation for participation in forest and fish report-related activities by federally recognized Indian tribes located within the geographical boundaries of the state of Washington.

(c) Any adjustment in the surcharge ((shall)) takes effect at the beginning of a calendar month that is at least thirty days after the date that the office of financial management makes the certification under subsection (5) of this section.

(d) The surcharge ((shall be)) is imposed again at the rate provided in subsection (1) of this section on the first day of the following state fiscal year unless the surcharge is suspended under subsection (3) of this section or adjusted for that fiscal year under this subsection.

(e) Adjustments of the amount of the surcharge by the department are final and ((shall)) may not be used to challenge the validity of the surcharge imposed under this section.

(f) The department ((shall)) must provide timely notice to affected taxpayers of the suspension of the surcharge or an adjustment of the surcharge.

(5) The office of financial management ((shall)) must make the certification to the department as to the status of federal appropriations for tribal participation in forest and fish report-related activities.

**Sec. 511.** RCW 82.04.298 and 2008 c 49 s 1 are each amended to read as follows:

(1) The amount of tax with respect to a qualified grocery distribution cooperative's sales of groceries or related goods for resale, excluding items subject to tax under ((RCW 82.04.260(4))) section 502 of this act, to customer-owners of the grocery distribution cooperative is equal to the gross proceeds of sales of the grocery distribution cooperative multiplied by the rate of one and one-half percent.

(2) A qualified grocery distribution cooperative is allowed a deduction from the gross proceeds of sales of groceries or related goods for resale, excluding items subject to tax under ((RCW 82.04.260(4))) section 502 of this act, to customer-owners of the grocery distribution cooperative that is equal to the portion of the gross proceeds of sales for resale that represents the actual cost of the merchandise sold by the grocery distribution cooperative to customer-owners.

(3) The definitions in this subsection apply throughout this section unless the context clearly requires otherwise.

(a) "Grocery distribution cooperative" means an entity that sells groceries and related items to customer-owners of the grocery distribution cooperative and has customer-owners, in the aggregate, who own a majority of the outstanding ownership interests of the grocery distribution cooperative or of the entity controlling the grocery distribution cooperative. "Grocery distribution cooperative" includes an entity that controls a grocery distribution cooperative.

(b) "Qualified grocery distribution cooperative" means:

(i) A grocery distribution cooperative that has been determined by a court of record of the state of Washington to be not engaged in wholesaling or making sales at wholesale, within the meaning of RCW 82.04.270 or any similar provision of a municipal ordinance that imposes a tax on gross receipts, gross proceeds of sales, or gross income, with respect to purchases made by customer-owners, and subsequently changes its form of doing business to make sales at wholesale of groceries or related items to its customer-owners; or

(ii) A grocery distribution cooperative that has acquired substantially all of the assets of a grocery distribution cooperative described in (b)(i) of this subsection.

(c) "Customer-owner" means a person who has an ownership interest in a grocery distribution cooperative and purchases groceries and related items at wholesale from that grocery distribution cooperative.

(d) "Controlling" means holding fifty percent or more of the voting interests of an entity and having at least equal power to direct or cause the direction of the management and policies of the entity, whether through the ownership of voting securities, by contract, or otherwise.

**Sec. 512.** RCW 82.04.334 and 2007 c 48 s 3 are each amended to read as follows:

This chapter does not apply to any sale of standing timber excluded from the definition of "sale" in RCW 82.45.010(3). The definitions in RCW 82.04.260((12)) (11) apply to this section.

**Sec. 513.** RCW 82.04.440 and 2006 c 300 s 8 and 2006 c 84 s 6 are each reenacted and amended to read as follows:

(1) Every person engaged in activities that are subject to tax under two or more provisions of RCW 82.04.230 through 82.04.298, inclusive, ((shall be)) is taxable under each provision applicable to those activities.

(2) Persons taxable under RCW 82.04.2909(2), 82.04.250, 82.04.270, 82.04.294(2), or 82.04.260 (1)(b), (c), ((4)), or (d), (10), or (11), or ((12)) section 502(2) of this act with respect to selling products in this state, including those persons who are also taxable under RCW 82.04.261, ((shall be)) are allowed a credit against those taxes for any (a) manufacturing taxes paid with respect to the manufacturing of products so sold in this state, and/or (b) extracting taxes paid with respect to the extracting of products so sold in this state or ingredients of products so sold in this state. Extracting taxes taken as credit under subsection (3) of this section may also be taken under this subsection, if otherwise allowable under this subsection. The amount of the credit ((shall)) may not exceed the tax liability arising under this chapter with respect to the sale of those products.

(3) Persons taxable as manufacturers under RCW 82.04.240 or 82.04.260 (1)(b) or ((12)) (11), including those persons who are also taxable under RCW 82.04.261, ((shall be)) are allowed a credit against those taxes for any extracting taxes paid with respect to extracting the ingredients of the products so manufactured in this state. The amount of the credit ((shall)) may not exceed the tax liability arising under this chapter with respect to the manufacturing of those products.

(4) Persons taxable under RCW 82.04.230, 82.04.240, 82.04.2909(1), 82.04.294(1), 82.04.2404, or 82.04.260 (1), (2), ((4)), (10), or (11), or ((12)) section 502(1) of this act, including those persons who are also taxable under RCW 82.04.261, with respect to extracting or manufacturing products in this state ((shall be)) are allowed a credit against those taxes for any (i) gross receipts taxes paid to another state with respect to the sales of the products so extracted or manufactured in this state, (ii) manufacturing taxes paid with respect to the manufacturing of products using ingredients so extracted in this state, or (iii) manufacturing taxes paid with respect to manufacturing activities completed in another state for products so manufactured in this state. The amount of the credit ((shall)) may not exceed the tax liability arising under this chapter with respect to the extraction or manufacturing of those products.

(5) For the purpose of this section:

(a) "Gross receipts tax" means a tax:

(i) Which is imposed on or measured by the gross volume of business, in terms of gross receipts or in other terms, and in the determination of which the deductions allowed would not constitute the tax an income tax or value added tax; and

(ii) Which is also not, pursuant to law or custom, separately stated from the sales price.

(b) "State" means (i) the state of Washington, (ii) a state of the United States other than Washington, or any political subdivision of

such other state, (iii) the District of Columbia, and (iv) any foreign country or political subdivision thereof.

(c) "Manufacturing tax" means a gross receipts tax imposed on the act or privilege of engaging in business as a manufacturer, and includes (i) the taxes imposed in RCW 82.04.240, 82.04.2404, 82.04.2909(1), 82.04.260 (1), (2), ((4)), (10), and (11), ((and (12))) section 502(1) of this act, and 82.04.294(1); (ii) the tax imposed under RCW 82.04.261 on persons who are engaged in business as a manufacturer; and (iii) similar gross receipts taxes paid to other states.

(d) "Extracting tax" means a gross receipts tax imposed on the act or privilege of engaging in business as an extractor, and includes (i) the tax imposed on extractors in RCW 82.04.230 and 82.04.260((12)) (11); (ii) the tax imposed under RCW 82.04.261 on persons who are engaged in business as an extractor; and (iii) similar gross receipts taxes paid to other states.

(e) "Business", "manufacturer", "extractor", and other terms used in this section have the meanings given in RCW 82.04.020 through 82.04.212, notwithstanding the use of those terms in the context of describing taxes imposed by other states.

**Sec. 514.** RCW 82.04.4463 and 2008 c 81 s 8 are each amended to read as follows:

(1) In computing the tax imposed under this chapter, a credit is allowed for property taxes and leasehold excise taxes paid during the calendar year.

(2) The credit is equal to:

(a)(i)(A) Property taxes paid on buildings, and land upon which the buildings are located, constructed after December 1, 2003, and used exclusively in manufacturing commercial airplanes or components of such airplanes; and

(B) Leasehold excise taxes paid with respect to buildings constructed after January 1, 2006, the land upon which the buildings are located, or both, if the buildings are used exclusively in manufacturing commercial airplanes or components of such airplanes; and

(C) Property taxes or leasehold excise taxes paid on, or with respect to, buildings constructed after June 30, 2008, the land upon which the buildings are located, or both, and used exclusively for aerospace product development or in providing aerospace services, by persons not within the scope of (a)(i)(A) and (B) of this subsection (2) and are: (I) Engaged in manufacturing tooling specifically designed for use in manufacturing commercial airplanes or their components; or (II) taxable under RCW 82.04.290(3) or 82.04.250(3); or

(ii) Property taxes attributable to an increase in assessed value due to the renovation or expansion, after: (A) December 1, 2003, of a building used exclusively in manufacturing commercial airplanes or components of such airplanes; and (B) June 30, 2008, of buildings used exclusively for aerospace product development or in providing aerospace services, by persons not within the scope of (a)(ii)(A) of this subsection (2) and are: (I) Engaged in manufacturing tooling specifically designed for use in manufacturing commercial airplanes or their components; or (II) taxable under RCW 82.04.290(3) or 82.04.250(3); and

(b) An amount equal to:

(i)(A) Property taxes paid, by persons taxable under RCW 82.04.260((14)) (10)(a), on machinery and equipment exempt under RCW 82.08.02565 or 82.12.02565 and acquired after December 1, 2003;

(B) Property taxes paid, by persons taxable under RCW 82.04.260((14)) (10)(b), on machinery and equipment exempt under RCW 82.08.02565 or 82.12.02565 and acquired after June 30, 2008; or

(C) Property taxes paid, by persons taxable under RCW ((82.04.0250(3)) [82.04.250(3)]) 82.04.250(3) or 82.04.290(3), on computer hardware, computer peripherals, and software exempt

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under RCW 82.08.975 or 82.12.975 and acquired after June 30, 2008.

(ii) For purposes of determining the amount eligible for credit under (i)(A) and (B) of this subsection (2)(b), the amount of property taxes paid is multiplied by a fraction.

((~~11~~)) (A) The numerator of the fraction is the total taxable amount subject to the tax imposed under RCW 82.04.260((~~11~~)) (10) (a) or (b) on the applicable business activities of manufacturing commercial airplanes, components of such airplanes, or tooling specifically designed for use in the manufacturing of commercial airplanes or components of such airplanes.

((~~11~~)) (B) The denominator of the fraction is the total taxable amount subject to the tax imposed under all manufacturing classifications in chapter 82.04 RCW.

((~~11~~)) (C) For purposes of both the numerator and denominator of the fraction, the total taxable amount refers to the total taxable amount required to be reported on the person's returns for the calendar year before the calendar year in which the credit under this section is earned. The department may provide for an alternative method for calculating the numerator in cases where the tax rate provided in RCW 82.04.260((~~11~~)) (10) for manufacturing was not in effect during the full calendar year before the calendar year in which the credit under this section is earned.

((~~11~~)) (D) No credit is available under (b)(i)(A) or (B) of this subsection (2) if either the numerator or the denominator of the fraction is zero. If the fraction is greater than or equal to nine-tenths, then the fraction is rounded to one.

((~~11~~)) (E) As used in ((~~11~~)) (b)(ii)(C) of this subsection (2)((~~11~~)), "returns" means the tax returns for which the tax imposed under this chapter is reported to the department.

(3) The definitions in this subsection apply throughout this section, unless the context clearly indicates otherwise.

(a) "Aerospace product development" has the same meaning as provided in RCW 82.04.4461.

(b) "Aerospace services" has the same meaning given in RCW 82.08.975.

(c) "Commercial airplane" and "component" have the same meanings as provided in RCW 82.32.550.

(4) A credit earned during one calendar year may be carried over to be credited against taxes incurred in a subsequent calendar year, but may not be carried over a second year. No refunds may be granted for credits under this section.

(5) In addition to all other requirements under this title, a person taking the credit under this section must report as required under RCW 82.32.545.

(6) This section expires July 1, 2024.

**Sec. 515.** RCW 82.04.4463 and 2010 c 114 (SHB 3066) s 116 are each amended to read as follows:

(1) In computing the tax imposed under this chapter, a credit is allowed for property taxes and leasehold excise taxes paid during the calendar year.

(2) The credit is equal to:

(a)(i)(A) Property taxes paid on buildings, and land upon which the buildings are located, constructed after December 1, 2003, and used exclusively in manufacturing commercial airplanes or components of such airplanes; and

(B) Leasehold excise taxes paid with respect to buildings constructed after January 1, 2006, the land upon which the buildings are located, or both, if the buildings are used exclusively in manufacturing commercial airplanes or components of such airplanes; and

(C) Property taxes or leasehold excise taxes paid on, or with respect to, buildings constructed after June 30, 2008, the land upon which the buildings are located, or both, and used exclusively for aerospace product development, manufacturing tooling specifically

designed for use in manufacturing commercial airplanes or their components, or in providing aerospace services, by persons not within the scope of (a)(i)(A) and (B) of this subsection (2) and are taxable under RCW 82.04.290(3), 82.04.260((~~11~~)) (10)(b), or 82.04.250(3); or

(ii) Property taxes attributable to an increase in assessed value due to the renovation or expansion, after: (A) December 1, 2003, of a building used exclusively in manufacturing commercial airplanes or components of such airplanes; and (B) June 30, 2008, of buildings used exclusively for aerospace product development, manufacturing tooling specifically designed for use in manufacturing commercial airplanes or their components, or in providing aerospace services, by persons not within the scope of (a)(ii)(A) of this subsection (2) and are taxable under RCW 82.04.290(3), 82.04.260((~~11~~)) (10)(b), or 82.04.250(3); and

(b) An amount equal to:

(i)(A) Property taxes paid, by persons taxable under RCW 82.04.260((~~11~~)) (10)(a), on machinery and equipment exempt under RCW 82.08.02565 or 82.12.02565 and acquired after December 1, 2003;

(B) Property taxes paid, by persons taxable under RCW 82.04.260((~~11~~)) (10)(b), on machinery and equipment exempt under RCW 82.08.02565 or 82.12.02565 and acquired after June 30, 2008; or

(C) Property taxes paid, by persons taxable under RCW 82.04.250(3) or 82.04.290(3), on computer hardware, computer peripherals, and software exempt under RCW 82.08.975 or 82.12.975 and acquired after June 30, 2008.

(ii) For purposes of determining the amount eligible for credit under (i)(A) and (B) of this subsection (2)(b), the amount of property taxes paid is multiplied by a fraction.

(A) The numerator of the fraction is the total taxable amount subject to the tax imposed under RCW 82.04.260((~~11~~)) (10) (a) or (b) on the applicable business activities of manufacturing commercial airplanes, components of such airplanes, or tooling specifically designed for use in the manufacturing of commercial airplanes or components of such airplanes.

(B) The denominator of the fraction is the total taxable amount subject to the tax imposed under all manufacturing classifications in chapter 82.04 RCW.

(C) For purposes of both the numerator and denominator of the fraction, the total taxable amount refers to the total taxable amount required to be reported on the person's returns for the calendar year before the calendar year in which the credit under this section is earned. The department may provide for an alternative method for calculating the numerator in cases where the tax rate provided in RCW 82.04.260((~~11~~)) (10) for manufacturing was not in effect during the full calendar year before the calendar year in which the credit under this section is earned.

(D) No credit is available under (b)(i)(A) or (B) of this subsection (2) if either the numerator or the denominator of the fraction is zero. If the fraction is greater than or equal to nine-tenths, then the fraction is rounded to one.

(E) As used in (b)(ii)(C) of this subsection (2)((~~11~~)), "returns" means the tax returns for which the tax imposed under this chapter is reported to the department.

(3) The definitions in this subsection apply throughout this section, unless the context clearly indicates otherwise.

(a) "Aerospace product development" has the same meaning as provided in RCW 82.04.4461.

(b) "Aerospace services" has the same meaning given in RCW 82.08.975.

(c) "Commercial airplane" and "component" have the same meanings as provided in RCW 82.32.550.

(4) A credit earned during one calendar year may be carried over to be credited against taxes incurred in a subsequent calendar year, but may not be carried over a second year. No refunds may be granted for credits under this section.

(5) In addition to all other requirements under this title, a person claiming the credit under this section must file a complete annual report with the department under RCW 82.32.--- (section 103, chapter 114 (SHB 3066), Laws of 2010).

(6) This section expires July 1, 2024.

**Sec. 516.** RCW 82.08.806 and 2009 c 461 s 5 are each amended to read as follows:

(1) The tax levied by RCW 82.08.020 does not apply to sales, to a printer or publisher, of computer equipment, including repair parts and replacement parts for such equipment, when the computer equipment is used primarily in the printing or publishing of any printed material, or to sales of or charges made for labor and services rendered in respect to installing, repairing, cleaning, altering, or improving the computer equipment. This exemption applies only to computer equipment not otherwise exempt under RCW 82.08.02565.

(2) A person taking the exemption under this section must keep records necessary for the department to verify eligibility under this section. This exemption is available only when the purchaser provides the seller with an exemption certificate in a form and manner prescribed by the department. The seller ((shall)) must retain a copy of the certificate for the seller's files.

(3) The definitions in this subsection (3) apply throughout this section, unless the context clearly requires otherwise.

(a) "Computer" has the same meaning as in RCW 82.04.215.

(b) "Computer equipment" means a computer and the associated physical components that constitute a computer system, including monitors, keyboards, printers, modems, scanners, pointing devices, and other computer peripheral equipment, cables, servers, and routers. "Computer equipment" also includes digital cameras and computer software.

(c) "Computer software" has the same meaning as in RCW 82.04.215.

(d) "Primarily" means greater than fifty percent as measured by time.

(e) "Printer or publisher" means a person, as defined in RCW 82.04.030, who is subject to tax under RCW 82.04.260((14)) (13) or 82.04.280(1).

(4) "Computer equipment" does not include computer equipment that is used primarily for administrative purposes including but not limited to payroll processing, accounting, customer service, telemarketing, and collection. If computer equipment is used simultaneously for administrative and nonadministrative purposes, the administrative use ((shall)) must be disregarded during the period of simultaneous use for purposes of determining whether the computer equipment is used primarily for administrative purposes.

**Sec. 517.** RCW 82.32.550 and 2008 c 81 s 12 are each amended to read as follows:

(1)((a) Chapter 1, Laws of 2003 2nd sp. sess. takes effect on the first day of the month in which the governor and a manufacturer of commercial airplanes sign a memorandum of agreement regarding an affirmative final decision to site a significant commercial airplane final assembly facility in Washington state. The department shall provide notice of the effective date of chapter 1, Laws of 2003 2nd sp. sess. to affected taxpayers, the legislature, and others as deemed appropriate by the department.

(b) Chapter 1, Laws of 2003 2nd sp. sess. is contingent upon the siting of a significant commercial airplane final assembly facility in the state of Washington. If a memorandum of agreement under subsection (1) of this section is not signed by June 30, 2005, chapter 1, Laws of 2003 2nd sp. sess. is null and void.

—(e)(i) The rate in RCW 82.04.260(11)(a)(ii) takes effect July 1, 2007.

—(ii) If on December 31, 2007, final assembly of a superefficient airplane has not begun in Washington state, the department shall provide notice of such to affected taxpayers, the legislature, and others as deemed appropriate by the department.

—(2) The definitions in this subsection apply throughout this section.

—(a)) "Commercial airplane" has its ordinary meaning, which is an airplane certified by the federal aviation administration for transporting persons or property, and any military derivative of such an airplane.

((b))) (2) "Component" means a part or system certified by the federal aviation administration for installation or assembly into a commercial airplane.

((c)) "Final assembly of a superefficient airplane" means the activity of assembling an airplane from components parts necessary for its mechanical operation such that the finished commercial airplane is ready to deliver to the ultimate consumer.

—(d) "Significant commercial airplane final assembly facility" means a location with the capacity to produce at least thirty six superefficient airplanes a year.

—(e) "Siting" means a final decision by a manufacturer to locate a significant commercial airplane final assembly facility in Washington state.

—(f)) (3) "Superefficient airplane" means a twin aisle airplane that carries between two hundred and three hundred fifty passengers, with a range of more than seven thousand two hundred nautical miles, a cruising speed of approximately mach .85, and that uses fifteen to twenty percent less fuel than other similar airplanes on the market.

**Sec. 518.** RCW 82.45.195 and 2007 c 48 s 7 are each amended to read as follows:

A sale of standing timber is exempt from tax under this chapter if the gross income from such sale is taxable under RCW 82.04.260((12)) (11)(d).

**Sec. 519.** RCW 35.102.150 and 2009 c 461 s 4 are each amended to read as follows:

Notwithstanding RCW 35.102.130, a city that imposes a business and occupation tax must allocate a person's gross income from the activities of printing, and of publishing newspapers, periodicals, or magazines, to the principal place in this state from which the taxpayer's business is directed or managed. As used in this section, the activities of printing, and of publishing newspapers, periodicals, or magazines are those activities to which the tax rates in RCW 82.04.260((14)) (13) and 82.04.280(1) apply.

**Sec. 520.** RCW 48.14.080 and 2009 c 535 s 1102 are each amended to read as follows:

(1) As to insurers, other than title insurers and taxpayers under RCW 48.14.0201, the taxes imposed by this title ((shall be)) are in lieu of all other taxes, except as otherwise provided in this section.

(2) Subsection (1) of this section does not apply with respect to:

(a) Taxes on real and tangible personal property;

(b) Excise taxes on the sale, purchase, use, or possession of (i) real property; (ii) tangible personal property; (iii) extended warranties; (iv) services, including digital automated services as defined in RCW 82.04.192; and (v) digital goods and digital codes as those terms are defined in RCW 82.04.192; and

(c) The tax imposed in RCW 82.04.260((10)) (9), regarding public and nonprofit hospitals.

(3) For the purposes of this section, the term "taxes" includes taxes imposed by the state or any county, city, town, municipal corporation, quasi-municipal corporation, or other political subdivision.

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**Suspending the Sales and Use Tax Exemption for Livestock Nutrient Equipment and Facilities**

**Sec. 601.** RCW 82.08.890 and 2009 c 469 s 601 are each amended to read as follows:

(1) The tax levied by RCW 82.08.020 does not apply to sales to eligible persons of:

(a) Qualifying livestock nutrient management equipment;

(b) Labor and services rendered in respect to installing, repairing, cleaning, altering, or improving qualifying livestock nutrient management equipment; and

(c)(i) Labor and services rendered in respect to repairing, cleaning, altering, or improving of qualifying livestock nutrient management facilities, or to tangible personal property that becomes an ingredient or component of qualifying livestock nutrient management facilities in the course of repairing, cleaning, altering, or improving of such facilities.

(ii) The exemption provided in this subsection (1)(c) does not apply to the sale of or charge made for: (A) Labor and services rendered in respect to the constructing of new, or replacing previously existing, qualifying livestock nutrient management facilities; or (B) tangible personal property that becomes an ingredient or component of qualifying livestock nutrient management facilities during the course of constructing new, or replacing previously existing, qualifying livestock nutrient management facilities.

(2) The exemption provided in subsection (1) of this section applies to sales made after the livestock nutrient management plan is: (a) Certified under chapter 90.64 RCW; (b) approved as part of the permit issued under chapter 90.48 RCW; or (c) approved as required under subsection (4)(c)(iii) of this section.

(3)(a) The department of revenue must provide an exemption certificate to an eligible person upon application by that person. The department of agriculture must provide a list of eligible persons, as defined in subsection (4)(c)(i) and (ii) of this section, to the department of revenue. Conservation districts must maintain lists of eligible persons as defined in subsection (4)(c)(iii) of this section to allow the department of revenue to verify eligibility. The application must be in a form and manner prescribed by the department and must contain information regarding the location of the dairy or animal feeding operation and other information the department may require.

(b) A person claiming an exemption under this section must keep records necessary for the department to verify eligibility under this section. The exemption is available only when the buyer provides the seller with an exemption certificate in a form and manner prescribed by the department. The seller must retain a copy of the certificate for the seller's files.

(4) The definitions in this subsection apply to this section and RCW 82.12.890 unless the context clearly requires otherwise:

(a) "Animal feeding operation" means a lot or facility, other than an aquatic animal production facility, where the following conditions are met:

(i) Animals, other than aquatic animals, have been, are, or will be stabled or confined and fed or maintained for a total of forty-five days or more in any twelve-month period; and

(ii) Crops, vegetation, forage growth, or postharvest residues are not sustained in the normal growing season over any portion of the lot or facility.

(b) "Conservation district" means a subdivision of state government organized under chapter 89.08 RCW.

(c) "Eligible person" means a person: (i) Licensed to produce milk under chapter 15.36 RCW who has a certified dairy nutrient management plan, as required by chapter 90.64 RCW; (ii) who owns an animal feeding operation and has a permit issued under

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chapter 90.48 RCW; or (iii) who owns an animal feeding operation and has a nutrient management plan approved by a conservation district as meeting natural resource conservation service field office technical guide standards and who possesses an exemption certificate under RCW 82.08.855.

(d) "Handling and treatment of livestock manure" means the activities of collecting, storing, moving, or transporting livestock manure, separating livestock manure solids from liquids, or applying livestock manure to the agricultural lands of an eligible person other than through the use of pivot or linear type traveling irrigation systems.

(e) "Permit" means either a state waste discharge permit or a national pollutant discharge elimination system permit, or both.

(f) "Qualifying livestock nutrient management equipment" means the following tangible personal property for exclusive use in the handling and treatment of livestock manure, including repair and replacement parts for such equipment: (i) Aerators; (ii) agitators; (iii) augers; (iv) conveyers; (v) gutter cleaners; (vi) hard-hose reel traveler irrigation systems; (vii) lagoon and pond liners and floating covers; (viii) loaders; (ix) manure composting devices; (x) manure spreaders; (xi) manure tank wagons; (xii) manure vacuum tanks; (xiii) poultry house cleaners; (xiv) poultry house flame sterilizers; (xv) poultry house washers; (xvi) poultry litter saver machines; (xvii) pipes; (xviii) pumps; (xix) scrapers; (xx) separators; (xxi) slurry injectors and hoses; and (xxii) wheelbarrows, shovels, and pitchforks.

(g) "Qualifying livestock nutrient management facilities" means the following structures and facilities for exclusive use in the handling and treatment of livestock manure: (i) Flush systems; (ii) lagoons; (iii) liquid livestock manure storage structures, such as concrete tanks or glass-lined steel tanks; and (iv) structures used solely for the dry storage of manure, including roofed stacking facilities.

(5) The exemption under this section does not apply to sales made from the effective date of this section through June 30, 2013.

**Sec. 602.** RCW 82.12.890 and 2009 c 469 s 602 are each amended to read as follows:

(1) The provisions of this chapter do not apply with respect to the use by an eligible person of:

(a) Qualifying livestock nutrient management equipment;

(b) Labor and services rendered in respect to installing, repairing, cleaning, altering, or improving qualifying livestock nutrient management equipment; and

(c)(i) Tangible personal property that becomes an ingredient or component of qualifying livestock nutrient management facilities in the course of repairing, cleaning, altering, or improving of such facilities.

(ii) The exemption provided in this subsection (1)(c) does not apply to the use of tangible personal property that becomes an ingredient or component of qualifying livestock nutrient management facilities during the course of constructing new, or replacing previously existing, qualifying livestock nutrient management facilities.

(2)(a) To be eligible, the equipment and facilities must be used exclusively for activities necessary to maintain a livestock nutrient management plan.

(b) The exemption applies to the use of tangible personal property and labor and services made after the livestock nutrient management plan is: (i) Certified under chapter 90.64 RCW; (ii) approved as part of the permit issued under chapter 90.48 RCW; or (iii) approved as required under RCW 82.08.890(4)(c)(iii).

(3) The exemption certificate and recordkeeping requirements of RCW 82.08.890 apply to this section. The definitions in RCW 82.08.890 apply to this section.

(4) The exemption under this section does not apply to the use of tangible personal property and services if first use of the property or services in this state occurs from the effective date of this section through June 30, 2013.

## PART VII

### Ending the Preferential Business and Occupation Tax Treatment Received by Directors of Corporations

NEW SECTION. **Sec. 701.** (1) In adopting the state's business and occupation tax, the legislature intended to tax virtually all business activities carried on within the state. See Simpson Inv. Co. v. Dep't of Revenue, 141 Wn.2d 139, 149 (2000). The legislature recognizes that the business and occupation tax applies to all activities engaged in with the object of gain, benefit, or advantage to the taxpayer or to another person or class, directly or indirectly, unless a specific exemption applies.

(2) One of the major business and occupation tax exemptions is provided in RCW 82.04.360 for income earned as an employee or servant as distinguished from income earned as an independent contractor. The legislature's intent in providing this exemption was to exempt employee wages from the business and occupation tax but not to exempt income earned as an independent contractor.

(3) The legislature finds that corporate directors are not employees or servants of the corporation whose board they serve on and therefore are not entitled to a business and occupation tax exemption under RCW 82.04.360. The legislature further finds that there are no business and occupation tax exemptions for compensation received for serving as a member of a corporation's board of directors.

(4) The legislature also finds that there is a widespread misunderstanding among corporate directors that the business and occupation tax does not apply to the compensation they receive for serving as a director of a corporation. It is the legislature's expectation that the department of revenue will take appropriate measures to ensure that corporate directors understand and comply with their business and occupation tax obligations with respect to their director compensation. However, because of the widespread misunderstanding by corporate directors of their liability for business and occupation tax on director compensation, the legislature finds that it is appropriate in this unique situation to provide limited relief against the retroactive assessment of business and occupation taxes on corporate director compensation.

(5) The legislature also reaffirms its intent that all income of all independent contractors is subject to business and occupation tax unless specifically exempt under the Constitution or laws of this state or the United States.

**Sec. 702.** RCW 82.04.360 and 2010 c 106 (E2SHB 1597) s 207 are each amended to read as follows:

(1) This chapter does not apply to any person in respect to his or her employment in the capacity of an employee or servant as distinguished from that of an independent contractor. For the purposes of this section, the definition of employee ((shall)) includes those persons that are defined in section 3121(d)(3)(B) of the federal internal revenue code of 1986, as amended through January 1, 1991.

(2) Until the effective date of this section, this chapter does not apply to amounts received by an individual from a corporation as compensation for serving as a member of that corporation's board of directors. Beginning on the effective date of this section, such amounts are taxable under RCW 82.04.290(2).

(3) A booth renter is an independent contractor for purposes of this chapter. For purposes of this ((sub))section, "booth renter" means any person who:

(a) Performs cosmetology, barbering, esthetics, or manicuring services for which a license is required under chapter 18.16 RCW; and

(b) Pays a fee for the use of salon or shop facilities and receives no compensation or other consideration from the owner of the salon or shop for the services performed.

## PART VIII

### Tax Debts

**Sec. 801.** RCW 82.32.145 and 1995 c 318 s 2 are each amended to read as follows:

(1) ((Upon termination, dissolution, or abandonment of a corporate or limited liability company business, any officer, member, manager, or other person having control or supervision of retail sales tax funds collected and held in trust under RCW 82.08.050, or who is charged with the responsibility for the filing of returns or the payment of retail sales tax funds collected and held in trust under RCW 82.08.050, shall be personally liable for any unpaid taxes and interest and penalties on those taxes, if such officer or other person wilfully fails to pay or to cause to be paid any taxes due from the corporation pursuant to chapter 82.08 RCW. For the purposes of this section, any retail sales taxes that have been paid but not collected shall be deductible from the retail sales taxes collected but not paid.

For purposes of this subsection "wilfully fails to pay or to cause to be paid" means that the failure was the result of an intentional, conscious, and voluntary course of action.

((2) The officer, member or manager, or other person shall be liable only for taxes collected which)) Whenever the department has issued a warrant under RCW 82.32.210 for the collection of unpaid retail sales tax funds collected and held in trust under RCW 82.08.050 from a limited liability business entity and that business entity has been terminated, dissolved, or abandoned, or is insolvent, the department may pursue collection of the entity's unpaid sales taxes, including penalties and interest on those taxes, against any or all of the responsible individuals. For purposes of this subsection, "insolvent" means the condition that results when the sum of the entity's debts exceeds the fair market value of its assets. The department may presume that an entity is insolvent if the entity refuses to disclose to the department the nature of its assets and liabilities.

(2) Personal liability under this section may be imposed for state and local sales taxes.

((3)(a) For a responsible individual who is the current or a former chief executive or chief financial officer, liability under this section applies regardless of fault or whether the individual was or should have been aware of the unpaid sales tax liability of the limited liability business entity.

((b) For any other responsible individual, liability under this section applies only if he or she willfully fails to pay or to cause to be paid to the department the sales taxes due from the limited liability business entity.

((4)(a) Except as provided in this subsection (4)(a), a responsible individual who is the current or a former chief executive or chief financial officer is liable under this section only for sales tax liability accrued during the period that he or she was the chief executive or chief financial officer. However, if the responsible individual had the responsibility or duty to remit payment of the limited liability business entity's sales taxes to the department during any period of time that the person was not the chief executive or chief financial officer, that individual is also liable for sales tax liability that became due during the period that he or she had the duty to remit payment of the limited liability business entity's taxes to the department but was not the chief executive or chief financial officer.

((b) All other responsible individuals are liable under this section only for sales tax liability that became due during the period he or she had the ((control, supervision,)) responsibility((,)) or duty to (act for the corporation described in subsection (1) of this section,

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~~plus interest and penalties on those taxes.~~

~~—(3)) remit payment of the limited liability business entity's taxes to the department.~~

~~(5) Persons ((liable under)) described in subsection (((4))) (3)(b) of this section are exempt from liability under this section in situations where nonpayment of the ((~~retail sales tax funds held in trust~~) limited liability business entity's sales taxes is due to reasons beyond their control as determined by the department by rule.~~

~~((4)) (6) Any person having been issued a notice of assessment under this section is entitled to the appeal procedures under RCW 82.32.160, 82.32.170, 82.32.180, 82.32.190, and 82.32.200.~~

~~((5) This section applies only in situations where the department has determined that there is no reasonable means of collecting the retail sales tax funds held in trust directly from the corporation.~~

~~—(6)) (7) This section does not relieve the ((corporation or)) limited liability ((company)) business entity of ((other tax liabilities)) its sales tax liability or otherwise impair other tax collection remedies afforded by law.~~

~~((7)) (8) Collection authority and procedures prescribed in this chapter apply to collections under this section.~~

**(9) The definitions in this subsection apply throughout this section unless the context clearly requires otherwise.**

**(a)** "Chief executive" means: The president of a corporation; or for other entities or organizations other than corporations or if the corporation does not have a president as one of its officers, the highest ranking executive manager or administrator in charge of the management of the company or organization.

**(b)** "Chief financial officer" means: The treasurer of a corporation; or for entities or organizations other than corporations or if a corporation does not have a treasurer as one of its officers, the highest senior manager who is responsible for overseeing the financial activities of the entire company or organization.

**(c)** "Limited liability business entity" means a type of business entity that generally shields its owners from personal liability for the debts, obligations, and liabilities of the entity, or a business entity that is managed or owned in whole or in part by an entity that generally shields its owners from personal liability for the debts, obligations, and liabilities of the entity. Limited liability business entities include corporations, limited liability companies, limited liability partnerships, trusts, general partnerships and joint ventures in which one or more of the partners or parties are also limited liability business entities, and limited partnerships in which one or more of the general partners are also limited liability business entities.

**(d)** "Manager" has the same meaning as in RCW 25.15.005.

**(e)** "Member" has the same meaning as in RCW 25.15.005, except that the term only includes members of member-managed limited liability companies.

**(f)** "Officer" means any officer or assistant officer of a corporation, including the president, vice-president, secretary, and treasurer.

**(g)(i)** "Responsible individual" includes any current or former officer, manager, member, partner, or trustee of a limited liability business entity with an unpaid tax warrant issued by the department.

**(ii)** "Responsible individual" also includes any current or former employee or other individual, but only if the individual had the responsibility or duty to remit payment of the limited liability business entity's unpaid sales tax liability reflected in a tax warrant issued by the department.

**(iii)** Whenever any taxpayer has one or more limited liability business entities as a member, manager, or partner, "responsible individual" also includes any current and former officers, members, or managers of the limited liability business entity or entities or of any other limited liability business entity involved directly in the

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management of the taxpayer. For purposes of this subsection (9)(g)(iii), "taxpayer" means a limited liability business entity with an unpaid tax warrant issued against it by the department.

(h) "Willfully fails to pay or to cause to be paid" means that the failure was the result of an intentional, conscious, and voluntary course of action.

## PART IX

### Repealing the Sales and Use Tax Exemptions for Bottled Water and Candy

**Sec. 901.** RCW 82.08.0293 and 2009 c 483 s 2 are each amended to read as follows:

**(1)** The tax levied by RCW 82.08.020 ((shall)) 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)** Until July 1, 2013, the exemption of "food and food ingredients" provided for in subsection (1) of this section ((shall)) does not apply to prepared food, soft drinks, bottled water, candy, or dietary supplements. Beginning July 1, 2013, the exemption of "food and food ingredients" provided for in subsection (1) of this section does not apply to prepared food, soft drinks, candy, or dietary supplements.

**(a)** "Prepared food" means:

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

**(ii)** 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

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

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

**(B)** 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.

**(b)** "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:

**(i)** 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";

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

**(iii)** 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.

**(c)** "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.

(d) "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.

(e) "Candy" means a preparation of sugar, honey, or other natural or artificial sweeteners in combination with chocolate, fruits, nuts, or other ingredients or flavorings in the form of bars, drops, or pieces. "Candy" does not include any preparation containing flour and does not require refrigeration.

(f) "Bottled water" means water that is placed in a 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.

(3) Notwithstanding anything in this section to the contrary, the exemption of "food and food ingredients" provided in this section (~~((shall apply))~~ 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 (~~((Title))~~ 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 (~~((Title))~~ 42 U.S.C. Sec. 1485 (~~((of the federal internal revenue code))~~); and

(iii) For which the lessor or operator has at any time been entitled to claim a federal income tax credit under (~~((Title))~~ 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, and in this case the selling price for purposes of RCW 82.08.020 is fifty-seven percent of the gross receipts.

(b) This subsection (4) does not apply to hot prepared food and food ingredients, other than food and food ingredients which are heated after they have been dispensed from the vending machine.

(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. 902.** RCW 82.08.0293 and 2010 c 106 (E2SHB 1597) s 216 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) Until July 1, 2013, 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, candy, or dietary supplements. Beginning July 1, 2013, the exemption of "food and food ingredients" provided for in subsection (1) of this section does not apply to prepared food, soft drinks, candy, or dietary supplements. For purposes of this subsection, the following definitions apply:

(a) "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.

(b)(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:

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(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.

(c) "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.

(d) "Candy" means a preparation of sugar, honey, or other natural or artificial sweeteners in combination with chocolate, fruits, nuts, or other ingredients or flavorings in the form of bars, drops, or pieces. "Candy" does not include any preparation containing flour and does not require refrigeration.

(e) "Bottled water" means water that is placed in a 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.

(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 ((of the federal internal revenue code)); 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 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

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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. 903.** RCW 82.12.0293 and 2009 c 483 s 4 are each amended to read as follows:

(1) The provisions of this chapter ((shall)) 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) Until July 1, 2013, the exemption of "food and food ingredients" provided for in subsection (1) of this section ((shall)) does not apply to prepared food, soft drinks, bottled water, candy, or dietary supplements. Beginning July 1, 2013, the exemption of "food and food ingredients" provided for in subsection (1) of this section does not apply to prepared food, soft drinks, candy, or dietary supplements. "Prepared food," "soft drinks," ("and") "dietary supplements," "candy," and "bottled water" 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 ((shall)) apply 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. 904.** 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 for human use 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. 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.

(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) 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. 905.** 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 for human use 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. "Prescription" has the same meaning as in section 904 of this act.

**NEW SECTION. Sec. 906.** 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 for human use to persons who do not otherwise have a readily available source of potable water.

(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. 907.** 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 for human use by persons who do not otherwise have a readily available source of potable water.

**NEW SECTION. Sec. 908.** A new section is added to chapter 82.04 RCW to read as follows:

(1)(a) Subject to the requirements and limits in this section, candy manufacturers are entitled to a credit against the tax due under this chapter. The credit equals one thousand dollars for:

(i) Each full-time employment position that has been maintained in this state on a full-time basis for a continuous period of at least twelve consecutive months; or

(ii) Each full-time equivalent seasonal employee hired by a seasonal employer.

(b) Once a full-time employment position has been filled, the position does not cease to be maintained for a continuous period solely due to periods in which the position goes vacant, as long as:

(i) The cumulative period of any vacancies in that position is not more than one hundred twenty days in the twelve consecutive month period for which the position must be filled to earn a credit under this section; and

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

(c) For full-time employment positions initially filled before July 1, 2010:

(i) The twelve consecutive month period for which the position must be filled to earn a credit under this section begins on the later of August 1, 2009, or the date that the employment position was initially filled; and

(ii) A second credit may be earned if the employment position is maintained on a full-time basis for an additional twelve consecutive month period.

(2)(a) The credit may only be claimed on a tax return filed electronically with the department using the department's online tax filing service, unless the department grants a waiver for good cause shown. For purposes of this subsection, "good cause" has the same meaning as in RCW 82.32.080(8)(a) (i), (ii), (iii), and (vi) and (b).

(b) Credit may be claimed only on tax returns originally due after July 31, 2010.

(c) The department must disallow any credit claimed on tax returns filed with the department after July 31, 2012.

(3)(a) Credits claimed may not exceed the tax otherwise due under this chapter on the manufacturing and retail or wholesale sale of candy manufactured by the taxpayer.

(b) No refunds may be granted for credits under this section.

(c) The credit provided in this section is in addition to any other credit that may be available to the candy manufacturer with respect to the same employment positions.

(4) No application is necessary for the credit. Candy manufacturers claiming the credit must keep records necessary for the department to verify eligibility under this section.

(5) A candy manufacturer claiming credit under this section must report to the department as provided in RCW 82.32---(section 103, chapter 114 (SHB 3066), Laws of 2010).

(6) The employment security department must provide to the department such information needed by the department to verify eligibility under this section.

(7) Pursuant to chapter 43.136 RCW, the citizen commission for performance measurement of tax preferences must schedule the credit under this section for a tax preference review by the joint legislative audit and review committee in 2011.

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

(a) "Candy" has the same meaning as in RCW 82.08.0293.

(b) "Candy manufacturer" means a person that manufactures candy. For purposes of this subsection "manufactures" has the same meaning as "to manufacture" in RCW 82.04.120.

(c) "Full-time" means a normal work week of at least thirty-five hours.

(d) "Seasonal employee" means an employee of a seasonal employer who works on a seasonal basis. "Seasonal basis" means a continuous employment period of less than twelve consecutive months.

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

**NEW SECTION. Sec. 909.** If any provision of section 908 of this act or its application to any person or circumstance is held unconstitutional: (1) Section 908 of this act is considered invalid in its entirety; and (2) section 908 of this act and the application of any provision of that section to any person or circumstance is considered null and void and of no effect.

**NEW SECTION. Sec. 910.** A new section is added to chapter 82.32 RCW to read as follows:

(1) The department must compile a list of products meeting the definition of candy in RCW 82.08.0293 and products that are similar to candy but do not meet that definition. The list must identify each item as either subject to sales or use tax or not subject to sales or use tax. The list will be made in a form and manner prescribed by the department and must be made available on the department's internet web site. The list must also provide information about how to request a binding ruling from the department on the taxability of products not on the list.

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(2) In compiling the list described in subsection (1) of this section, the department may:

(a) Evaluate the experiences of other member states of the streamlined sales and use tax agreement that impose retail sales tax on candy;

(b) Accept technical assistance from persons that sell, market, or distribute candy; and

(c) Consider any other resource the department finds useful in compiling the list.

(3) The creation of a list under subsection (1) of this section and any modifications to the list are not subject to the rule-making provisions of chapter 34.05 RCW.

(4) For products that are not identified on the list created by the department under subsection (1) of this section, taxpayers may request a binding written ruling from the department on the taxability of the product.

## PART X PUD Privilege Tax Clarification

**Sec. 1001.** RCW 54.28.011 and 1957 c 278 s 12 are each amended to read as follows:

"Gross revenue" ((shall)) means the amount received from the sale of electric energy, which also includes any regularly recurring charge billed to consumers as a condition of receiving electric energy, and excluding any tax levied by a municipal corporation upon the district pursuant to RCW 54.28.070.

## PART XI Temporarily Increasing the Business and Occupation Tax on Service Businesses while Increasing the Small Business Credit for the Same Businesses

NEW SECTION. **Sec. 1101.** A new section is added to chapter 82.04 RCW to read as follows:

(1) Beginning May 1, 2010, through June 30, 2013, an additional rate of tax of 0.30 percent is added to the rate provided for in RCW 82.04.255, 82.04.285, and 82.04.290(2)(a).

(2)(a) The additional rate in subsection (1) of this section does not apply to persons engaging within this state in business as a hospital. "Hospital" has the meaning provided in chapter 70.41 RCW but also includes any hospital that comes within the scope of chapter 71.12 RCW if the hospital is also licensed under chapter 70.41 RCW.

(b) The additional rate in subsection (1) of this section does not apply to amounts received from performing scientific research and development services including but not limited to research and development in the physical, engineering, and life sciences (such as agriculture, bacteriological, biotechnology, chemical, life sciences, and physical science research and development laboratories or services).

**Sec. 1102.** RCW 82.04.4451 and 1997 c 238 s 2 are each amended to read as follows:

(1) In computing the tax imposed under this chapter, a credit is allowed against the amount of tax otherwise due under this chapter, as provided in this section. ((The maximum credit for a taxpayer)) Except for taxpayers that report at least fifty percent of their taxable amount under RCW 82.04.255, 82.04.290(2)(a), and 82.04.285, the maximum credit for a taxpayer for a reporting period is thirty-five dollars multiplied by the number of months in the reporting period, as determined under RCW 82.32.045. For a taxpayer that reports at least fifty percent of its taxable amount under RCW 82.04.255, 82.04.290(2)(a), and 82.04.285, the maximum credit for a reporting

period is seventy dollars multiplied by the number of months in the reporting period, as determined under RCW 82.32.045.

(2) When the amount of tax otherwise due under this chapter is equal to or less than the maximum credit, a credit is allowed equal to the amount of tax otherwise due under this chapter.

(3) When the amount of tax otherwise due under this chapter exceeds the maximum credit, a reduced credit is allowed equal to twice the maximum credit, minus the tax otherwise due under this chapter, but not less than zero.

(4) The department may prepare a tax credit table consisting of tax ranges using increments of no more than five dollars and a corresponding tax credit to be applied to those tax ranges. The table shall be prepared in such a manner that no taxpayer will owe a greater amount of tax by using the table than would be owed by performing the calculation under subsections (1) through (3) of this section. A table prepared by the department under this subsection ((shall)) must be used by all taxpayers in taking the credit provided in this section.

**Sec. 1103.** RCW 82.32.045 and 2006 c 256 s 1 are each amended to read as follows:

(1) Except as otherwise provided in this chapter, payments of the taxes imposed under chapters 82.04, 82.08, 82.12, 82.14, and 82.16 RCW, along with reports and returns on forms prescribed by the department, are due monthly within twenty-five days after the end of the month in which the taxable activities occur.

(2) The department of revenue may relieve any taxpayer or class of taxpayers from the obligation of remitting monthly and may require the return to cover other longer reporting periods, but in no event may returns be filed for a period greater than one year. For these taxpayers, tax payments are due on or before the last day of the month next succeeding the end of the period covered by the return.

(3) The department of revenue may also require verified annual returns from any taxpayer, setting forth such additional information as it may deem necessary to correctly determine tax liability.

(4) Notwithstanding subsections (1) and (2) of this section, the department may relieve any person of the requirement to file returns if the following conditions are met:

(a) The person's value of products, gross proceeds of sales, or gross income of the business, from all business activities taxable under chapter 82.04 RCW, is less than:

(i) Twenty-eight thousand dollars per year; or  
(ii) Forty-six thousand six hundred and sixty-seven dollars per year for persons generating at least fifty percent of their taxable amount from activities taxable under RCW 82.04.255, 82.04.290(2)(a), and 82.04.285;

(b) The person's gross income of the business from all activities taxable under chapter 82.16 RCW is less than twenty-four thousand dollars per year; and

(c) The person is not required to collect or pay to the department of revenue any other tax or fee which the department is authorized to collect.

## PART XII Property Management Salaries

**Sec. 1201.** RCW 82.04.394 and 1998 c 338 s 2 are each amended to read as follows:

(1) This chapter does not apply to:

(a) Amounts received by a nonprofit property management company from the owner of a property for gross wages and benefits paid directly to or on behalf of on-site personnel from property management trust accounts that are required to be maintained under RCW ((48.85.310)) 18.85.285; or

(b) Amounts received by a property management company from a housing authority for gross wages and benefits paid directly

to or on behalf of on-site personnel from property management trust accounts that are required to be maintained under RCW 18.85.285.

(2) (As used in) The definitions in this subsection apply to this section((g)).

(a) "On-site personnel" means a person who meets all of the following conditions: ((a)) (i) The person works primarily at the owner's property; ((b)) (ii) the person's duties include leasing property units, maintaining the property, collecting rents, or similar activities; and ((e)) (iii) under a written property management agreement: ((A)) (A) The person's compensation is the ultimate obligation of the property owner and not the property manager; ((B)) (B) the property manager is liable for payment only as agent of the owner; and ((C)) (C) the property manager is the agent of the owner with respect to the on-site personnel and that all actions, including, but not limited to, hiring, firing, compensation, and conditions of employment, taken by the property manager with respect to the on-site personnel are subject to the approval of the property owner.

(b) "Nonprofit property management company" means a property management company that is exempt from tax under 26 U.S.C. Sec. 501(c) of the federal internal revenue code, as it exists on January 1, 2010.

(c) "Housing authority" means a city or county housing authority created pursuant to chapter 35.82 RCW.

**Sec. 1202.** RCW 82.04.394 and 2010 c 106 (E2SHB 1597) s 209 are each amended to read as follows:

(1) This chapter does not apply to:

(a) Amounts received by a nonprofit property management company from the owner of a property for gross wages and benefits paid directly to or on behalf of on-site personnel from property management trust accounts that are required to be maintained under RCW 18.85.285; or

(b) Amounts received by a property management company from a housing authority for gross wages and benefits paid directly to or on behalf of on-site personnel from property management trust accounts that are required to be maintained under RCW 18.85.285.

(2) (As used in) The definitions in this subsection apply to this section((g)).

(a) "On-site personnel" means a person who meets all of the following conditions: ((a)) (i) The person works primarily at the owner's property; ((b)) (ii) the person's duties include leasing property units, maintaining the property, collecting rents, or similar activities; and ((e)) (iii) under a written property management agreement: ((A)) (A) The person's compensation is the ultimate obligation of the property owner and not the property manager; ((B)) (B) the property manager is liable for payment only as agent of the owner; and ((C)) (C) the property manager is the agent of the owner with respect to the on-site personnel and that all actions, including, but not limited to, hiring, firing, compensation, and conditions of employment, taken by the property manager with respect to the on-site personnel are subject to the approval of the property owner.

(b) "Nonprofit property management company" means a property management company that is exempt from tax under 26 U.S.C. Sec. 501(c) of the federal internal revenue code, as it exists on January 1, 2010.

(c) "Housing authority" means a city or county housing authority created pursuant to chapter 35.82 RCW.

### PART XIII Temporarily Increasing Beer Taxes

**Sec. 1301.** RCW 66.24.290 and 2009 c 479 s 43 are each amended to read as follows:

(1) Any microbrewer or domestic brewery or beer distributor licensed under this title may sell and deliver beer and strong beer to

holders of authorized licenses direct, but to no other person, other than the board. Any certificate of approval holder authorized to act as a distributor under RCW 66.24.270 shall pay the taxes imposed by this section.

(a) Every such brewery or beer distributor shall report all sales to the board monthly, pursuant to the regulations, and shall pay to the board as an added tax for the privilege of manufacturing and selling the beer and strong beer within the state a tax of one dollar and thirty cents per barrel of thirty-one gallons on sales to licensees within the state and on sales to licensees within the state of bottled and canned beer, including strong beer, shall pay a tax computed in gallons at the rate of one dollar and thirty cents per barrel of thirty-one gallons.

(b) Any brewery or beer distributor whose applicable tax payment is not postmarked by the twentieth day following the month of sale will be assessed a penalty at the rate of two percent per month or fraction thereof. Beer and strong beer shall be sold by breweries and distributors in sealed barrels or packages.

(c) The moneys collected under this subsection shall be distributed as follows: (i) Three-tenths of a percent shall be distributed to border areas under RCW 66.08.195; and (ii) of the remaining moneys: (A) Twenty percent shall be distributed to counties in the same manner as under RCW 66.08.200; and (B) eighty percent shall be distributed to incorporated cities and towns in the same manner as under RCW 66.08.210.

(d) Any licensed retailer authorized to purchase beer from a certificate of approval holder with a direct shipment endorsement or a brewery or microbrewery shall make monthly reports to the liquor control board on beer purchased during the preceding calendar month in the manner and upon such forms as may be prescribed by the board.

(2) An additional tax is imposed on all beer and strong beer subject to tax under subsection (1) of this section. The additional tax is equal to two dollars per barrel of thirty-one gallons. All revenues collected during any month from this additional tax shall be deposited in the state general fund by the twenty-fifth day of the following month.

(3)(a) An additional tax is imposed on all beer and strong beer subject to tax under subsection (1) of this section. The additional tax is equal to ninety-six cents per barrel of thirty-one gallons through June 30, 1995, two dollars and thirty-nine cents per barrel of thirty-one gallons for the period July 1, 1995, through June 30, 1997, and four dollars and seventy-eight cents per barrel of thirty-one gallons thereafter.

(b) The additional tax imposed under this subsection does not apply to the sale of the first sixty thousand barrels of beer each year by breweries that are entitled to a reduced rate of tax under 26 U.S.C. Sec. 5051, as existing on July 1, 1993, or such subsequent date as may be provided by the board by rule consistent with the purposes of this exemption.

(c) All revenues collected from the additional tax imposed under this subsection (3) shall be deposited in the state general fund.

(4) An additional tax is imposed on all beer and strong beer that is subject to tax under subsection (1) of this section that is in the first sixty thousand barrels of beer and strong beer by breweries that are entitled to a reduced rate of tax under 26 U.S.C. Sec. 5051, as existing on July 1, 1993, or such subsequent date as may be provided by the board by rule consistent with the purposes of the exemption under subsection (3)(b) of this section. The additional tax is equal to one dollar and forty-eight and two-tenths cents per barrel of thirty-one gallons. By the twenty-fifth day of the following month, three percent of the revenues collected from this additional tax shall be distributed to border areas under RCW 66.08.195 and the remaining moneys shall be transferred to the state general fund.

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(5)(a) From the effective date of this section through June 30, 2013, an additional tax is imposed on all beer and strong beer subject to tax under subsection (1) of this section. The additional tax is equal to fifteen dollars and fifty cents per barrel of thirty-one gallons.

(b) The additional tax imposed under this subsection does not apply to the sale of the first sixty thousand barrels of beer each year by breweries that are entitled to a reduced rate of tax under 26 U.S.C. Sec. 5051 of the federal internal revenue code, as existing on July 1, 1993, or such subsequent date as may be provided by the board by rule consistent with the purposes of this exemption.

(c) All revenues collected from the additional tax imposed under this subsection shall be deposited in the state general fund.

(6) The board may make refunds for all taxes paid on beer and strong beer exported from the state for use outside the state.

((6))) (7) The board may require filing with the board of a bond to be approved by it, in such amount as the board may fix, securing the payment of the tax. If any licensee fails to pay the tax when due, the board may forthwith suspend or cancel his or her license until all taxes are paid.

#### PART XIV

##### Temporarily Imposing Taxes on Carbonated Beverages

NEW SECTION. Sec. 1401. Unless the context clearly requires otherwise, the definitions in this section apply throughout this chapter.

(1)(a) "Carbonated beverage" means any packaged nonalcoholic liquid intended for human consumption that contains carbonation by natural or artificial means and any of the following substances: Caffeine, extracts, fruit juice or concentrated fruit juice, herbs, sweeteners, or syrup. "Packaged" includes cans, bottles, and other similar sealed containers. "Syrup" means a concentrated mixture in either liquid or powdered form that contains sugar or a sugar substitute and that is an ingredient used to make carbonated beverages.

(b) "Carbonated beverage" does not include carbonated bottled water. For the purpose of this subsection, "bottled water" has the same meaning as provided in section 901 of this act.

(2) "Ounce" means United States fluid ounce.

(3) "Previously taxed carbonated beverages" means carbonated beverages to which the tax under this chapter has been previously imposed.

(4) Except for terms defined in this section, the definitions in chapters 82.04, 82.08, and 82.12 RCW apply to this chapter.

NEW SECTION. Sec. 1402. (1) From the effective date of this section through June 30, 2013, a tax is imposed on every person for the privilege of selling, at wholesale or retail, carbonated beverages in this state. The rate of the tax is equal to two cents per twelve ounces of carbonated beverages sold in this state.

(2)(a) In calculating the amount of tax due under this section, if the total amount of carbonated beverages sold in this state during the reporting period is not a whole number, the taxable quantity must be rounded as provided in (b) of this subsection.

(b) For a fraction of an ounce that is equal to or greater than one-half ounce, the taxable quantity must be rounded up to the nearest ounce. For a fraction of an ounce that is less than one-half ounce, the taxable quantity must be rounded down to the nearest ounce.

(3) Chapter 82.32 RCW applies to the tax imposed in this section. The tax reporting frequency for the tax imposed in this section must coincide with the taxpayer's reporting frequency for the tax imposed in chapter 82.04 RCW.

(4) The department may require taxpayers to report the taxable quantity of carbonated beverages in units of measure other than ounces.

(5) The tax imposed in this section is in addition to all other taxes imposed in this title on the same taxable event.

NEW SECTION. Sec. 1403. (1) The tax imposed in this chapter does not apply to any successive sale of previously taxed carbonated beverages.

(2) Any person claiming the exemption provided in this section must maintain documentation establishing that the carbonated beverages were previously taxed under this chapter. The documentation may be in the form of information on the invoice, or certification from the previous seller, stating: (a) That all or a specific stated portion of the carbonated beverages were previously subject to the tax imposed in this chapter; and (b) the amount of tax remitted or to be remitted to the department in respect of the carbonated beverages.

NEW SECTION. Sec. 1404. (1) For each calendar year, the tax imposed in this chapter does not apply in respect to the first ten million dollars of carbonated beverages sold in this state by any bottler as measured by the gross proceeds of sales of carbonated beverages at retail and wholesale by the bottler. If a bottler is affiliated with any other bottler or distributor, the ten million dollar threshold for the exemption in this subsection (1) is based on the combined gross proceeds of sales by all affiliated persons from all sales at wholesale and retail of carbonated beverages in this state during the calendar year.

(2) Successive sales by any person of carbonated beverages exempt under subsection (1) of this section are also exempt from the tax imposed in this chapter. Any person claiming the exemption provided in this subsection (2) must maintain documentation establishing that the carbonated beverages were previously sold in this state by a person exempt under subsection (1) of this section. The documentation may be in the form of information on the invoice, or certification from the previous seller, stating that the carbonated beverages were previously exempt under subsection (1) of this section.

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

(a) "Affiliated" has the same meaning as provided in section 110 of this act.

(b) "Bottler" means a person who bottles, cans, or otherwise packages carbonated beverages in beverage containers.

(c) "Distributor" means a person, other than a bottler, that makes sales at wholesale of carbonated beverages.

NEW SECTION. Sec. 1405. The tax imposed in this chapter does not apply to any activity or person that the state is prohibited from taxing under the Constitution of this state or the Constitution or laws of the United States.

NEW SECTION. Sec. 1406. This part constitutes a new chapter in Title 82 RCW.

#### PART XV

##### Limiting the Bad Debt Deduction

NEW SECTION. Sec. 1501. The legislature intends with sections 1502 and 1503 of this act to supersede the holding of the supreme court of the state of Washington in *Puget Sound National Bank v. Department of Revenue*, 123 Wn.2d 284 (1994).

Sec. 1502. RCW 82.08.037 and 2007 c 6 s 102 are each amended to read as follows:

(1) A seller is entitled to a credit or refund for sales taxes previously paid on bad debts, as that term is used in 26 U.S.C. Sec. 166, as amended or renumbered as of January 1, 2003.

(2) For purposes of this section, "bad debts" does not include:

(a) Amounts due on property that remains in the possession of the seller until the full purchase price is paid;

(b) Expenses incurred in attempting to collect debt; ((and))

(c) Debts sold or assigned by the seller to third parties, where the third party is without recourse against the seller; and

(d) Repossessed property.

(3) If a credit or refund of sales tax is taken for a bad debt and the debt is subsequently collected in whole or in part, the tax on the amount collected must be paid and reported on the return filed for the period in which the collection is made.

(4) Payments on a previously claimed bad debt are applied first proportionally to the taxable price of the property or service and the sales or use tax thereon, and secondly to interest, service charges, and any other charges.

(5) If the seller uses a certified service provider as defined in RCW 82.32.020 to administer its sales tax responsibilities, the certified service provider may claim, on behalf of the seller, the credit or refund allowed by this section. The certified service provider must credit or refund the full amount received to the seller.

(6) The department ((shall)) must allow an allocation of bad debts among member states to the streamlined sales tax agreement, as defined in RCW 82.58.010(1), if the books and records of the person claiming bad debts support the allocation.

(7) A person's right to claim a credit or refund under this section is not assignable. No person other than the original seller in the transaction that generated the bad debt or, as provided in subsection (5) of this section, a certified service provider, is entitled to claim a credit or refund under this section. If the original seller in the transaction that generated the bad debt has sold or assigned the debt instrument to a third party with recourse, the original seller may claim a credit or refund under this section only after the debt instrument is reassigned by the third party to the original seller.

**Sec. 1503.** RCW 82.12.037 and 2007 c 6 s 103 are each amended to read as follows:

(1) A seller is entitled to a credit or refund for use taxes previously paid on bad debts, as that term is used in 26 U.S.C. Sec. 166, as amended or renumbered as of January 1, 2003.

(2) For purposes of this section, "bad debts" does not include:

(a) Amounts due on property that remains in the possession of the seller until the full purchase price is paid;

(b) Expenses incurred in attempting to collect debt; ((and))

(c) Debts sold or assigned by the seller to third parties, where the third party is without recourse against the seller; and

(d) Repossessed property.

(3) If a credit or refund of use tax is taken for a bad debt and the debt is subsequently collected in whole or in part, the tax on the amount collected must be paid and reported on the return filed for the period in which the collection is made.

(4) Payments on a previously claimed bad debt are applied first proportionally to the taxable price of the property or service and the sales or use tax thereon, and secondly to interest, service charges, and any other charges.

(5) If the seller uses a certified service provider as defined in RCW 82.32.020 to administer its use tax responsibilities, the certified service provider may claim, on behalf of the seller, the credit or refund allowed by this section. The certified service provider must credit or refund the full amount received to the seller.

(6) The department ((shall)) must allow an allocation of bad debts among member states to the streamlined sales and use tax agreement, as defined in RCW 82.58.010(1), if the books and records of the person claiming bad debts support the allocation.

(7) A person's right to claim a credit or refund under this section is not assignable. No person other than the original seller in the transaction that generated the bad debt or, as provided in subsection (5) of this section, a certified service provider, is entitled to claim a credit or refund under this section. If the original seller in the

transaction that generated the bad debt has sold or assigned the debt instrument to a third party with recourse, the original seller may claim a credit or refund under this section only after the debt instrument is reassigned by the third party to the original seller.

## PART XVI

### Data Centers

**Sec. 1601.** RCW 82.08.--- and 2010 1st sp.s. c 1 (ESSB 6789) s 2 are each amended to read as follows:

(1) An exemption from the tax imposed by RCW 82.08.020 is provided for sales to qualifying businesses of eligible server equipment to be installed, without intervening use, in an eligible computer data center, and to charges made for labor and services rendered in respect to installing eligible server equipment. The exemption also applies to sales to qualifying businesses of eligible power infrastructure, including labor and services rendered in respect to constructing, installing, repairing, altering, or improving eligible power infrastructure.

(2)(a) In order to claim the exemption under this section, a qualifying business must submit an application to the department for an exemption certificate. The application must include the information necessary, as required by the department, to determine that a business qualifies for the exemption under this section. The department must issue exemption certificates to qualifying businesses. The department may assign a unique identification number to each exemption certificate issued under this section.

(b) A qualifying business claiming the exemption under this section must present 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.

(3)(a) ((A qualifying business must establish)) Within six years of the ((first day of the calendar quarter in which the business first receives an exemption under this section or section 3 of this act that it has)) date that the department issued an exemption certificate under this section to a qualifying business with respect to an eligible computer data center, the qualifying business must establish that net employment at the eligible computer data center has increased ((employment in a computer data center)) by a minimum of:

((i) Thirty-five family wage ((jobs from the date the eligible computer data center first became operational)) employment positions; or

((ii) Three family wage employment positions for each twenty thousand square feet of space or less that is newly dedicated to housing working servers at the eligible computer data center. For qualifying businesses that lease space at an eligible computer data center, the number of family wage employment positions that must be increased under this subsection (3)(a)(ii) is based only on the space occupied by the lessee in the eligible computer data center.

((b) In calculating the net increase in family wage employment positions:

((i) The owner of an eligible computer data center, in addition to its own net increase in family wage employment positions, may include:

((A) The net increase in family wage employment positions employed by qualifying businesses leasing space within the eligible computer data center from the owner; and

((B) The net increase in family wage employment positions described in (c)(ii)(B) of this subsection (3).

((ii)(A) Lessees of the owner of an eligible computer data center, in addition to their own net increase in family wage employment positions, may include:

((I) A portion of the net increase in family wage employment positions employed by the owner; and

((II) A portion of the net increase in family wage employment positions described in (c)(ii)(B) of this subsection (3).

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(B) The portion of the net increase in family wage employment positions to be counted under this subsection (3)(b)(ii) by each lessee must be in proportion to the amount of space in the eligible computer data center occupied by the lessee compared to the total amount of space in the eligible computer data center occupied by all lessees that are qualifying businesses.

(c)(i) For purposes of this subsection, family wage ((jobs)) employment positions are new permanent employment positions requiring forty hours of weekly work, or their equivalent, on a full-time basis at the eligible computer data center and ((paying)) receiving a wage equivalent to or greater than one hundred fifty percent of the per capita personal income of the county in which the qualified project is located. ((The qualifying business must provide)) An employment position may not be counted as a family wage employment position unless the employment position is entitled to health insurance coverage ((for employees)) provided by the employer of the employment position. For purposes of this subsection (3)(c), "new permanent employment position" means an employment position that did not exist or that had not previously been filled as of the date that the department issued an exemption certificate to the owner or lessee of an eligible computer data center, as the case may be.

(ii)(A) Family wage employment positions include positions filled by employees of the owner of the eligible computer data center and by employees of qualifying businesses leasing space from the owner of the eligible computer data center.

(B) Family wage employment positions also include individuals performing work at an eligible computer data center as an independent contractor hired by the owner of the eligible computer data center or as an employee of an independent contractor hired by the owner of the eligible computer data center, if the work is necessary for the operation of the computer data center, such as security and building maintenance, and provided that all of the requirements in (c)(i) of this subsection (3) are met.

((b))) (d) All previously exempted sales and use taxes are immediately due and payable for a qualifying business that does not meet the requirements of this subsection.

(4) A qualifying business claiming an exemption under this section or RCW 82.12.--- (section 3, chapter 1 (ESSB 6789), Laws of 2010 1st sp. sess.) must complete an annual report with the department as required under section 103, chapter 114 (SHB 3066), Laws of 2010.

(5)(a) The exemption provided in this section does not apply to:

(i) Any person who has received the benefit of the deferral program under chapter 82.60 RCW on: (A) The construction, renovation, or expansion of a structure or structures used as a computer data center; or (B) machinery or equipment used in a computer data center; and

(ii) Any person affiliated with a person within the scope of (a)(i) of this subsection (5). For purposes of this subsection, "affiliated" means that one person has a direct or indirect ownership interest of at least twenty percent in another person.

(b) If a person claims an exemption under this section and subsequently receives the benefit of the deferral program under chapter 82.60 RCW on either the construction, renovation, or expansion of a structure or structures used as a computer data center or machinery or equipment used in a computer data center, the person must repay the amount of taxes exempted under this section. Interest as provided in chapter 82.32 RCW applies to amounts due under this section until paid in full.

(6) For purposes of this section the following definitions apply unless the context clearly requires otherwise:

(a)(i) "Computer data center" means a facility comprised of one or more buildings, which may be comprised of multiple businesses, constructed or refurbished specifically, and used primarily, to house

working servers, where the facility has the following characteristics: (A) Uninterruptible power supplies, generator backup power, or both; (B) sophisticated fire suppression and prevention systems; and (C) enhanced physical security, such as: Restricted access to the facility to selected personnel; permanent security guards; video camera surveillance; an electronic system requiring passcodes, keycards, or biometric scans, such as hand scans and retinal or fingerprint recognition; or similar security features.

(i) For a computer data center comprised of multiple buildings, each separate building constructed or refurbished specifically, and used primarily, to house working servers is considered a computer data center if it has all of the characteristics listed in (a)(i)(A) through (C) of this subsection (6).

(ii) A facility comprised of one building or more than one building must have a combined square footage of at least one hundred thousand square feet.

(b) "Electronic data storage and data management services" include, but are not limited to: Providing data storage and backup services, providing computer processing power, hosting enterprise software applications, and hosting web sites. The term also includes providing services such as e-mail, web browsing and searching, media applications, and other online services, regardless of whether a charge is made for such services.

(c)(i) "Eligible computer data center" means a computer data center:

(A) Located in a rural county as defined in RCW 82.14.370;

(B) Having at least twenty thousand square feet dedicated to housing working servers, where the server space has not previously been dedicated to housing working servers; and

(C) For which the commencement of construction occurs after March 31, 2010, and before July 1, 2011. For purposes of this section, "commencement of construction" means the date that a building permit is issued under the building code adopted under RCW 19.27.031 for construction of the computer data center. The construction of a computer data center includes the expansion, renovation, or other improvements made to existing facilities, including leased or rented space. "Commencement of construction" does not include soil testing, site clearing and grading, site preparation, or any other related activities that are initiated before the issuance of a building permit for the construction of the foundation of a computer data center.

(ii) With respect to facilities in existence on April 1, 2010 that are expanded, renovated, or otherwise improved after March 31, 2010, an eligible computer data center includes only the portion of the computer data center meeting the requirements in (c)(i)(B) of this subsection (6).

(d) "Eligible power infrastructure" means all fixtures and equipment necessary for the transformation, distribution, or management of electricity that is required to operate eligible server equipment within an eligible computer data center. The term includes electrical substations, generators, wiring, and cogeneration equipment.

(e) "Eligible server equipment" means the original server equipment installed in an eligible computer data center on or after April 1, 2010, and replacement server equipment. For purposes of this subsection (6)(e), "replacement server equipment" means server equipment that: (i) Replaces existing server equipment, if the sale or use of the server equipment to be replaced qualified for an exemption under this section or RCW 82.12.--- (section 3, chapter 1 (ESSB 6789), Laws of 2010 1st sp. sess.); and (ii) is installed and put into regular use before April 1, 2018.

(f) "Qualifying business" means a business entity that exists for the primary purpose of engaging in commercial activity for profit and that is the owner ((or lessee)) of an eligible computer data center or the lessee of at least twenty thousand square feet within an

eligible computer data center dedicated to housing working servers, where the server space has not previously been dedicated to housing working servers. The term does not include the state or federal government or any of their departments, agencies, and institutions; tribal governments; political subdivisions of this state; or any municipal, quasi-municipal, public, or other corporation created by the state or federal government, tribal government, municipality, or political subdivision of the state.

(g) "Server" means blade or rack-mount server computers used in a computer data center exclusively to provide electronic data storage and data management services for internal use by the owner or lessee of the computer data center, for clients of the owner or lessee of the computer data center, or both. "Server" does not include personal computers.

(h) "Server equipment" means the server chassis and all computer hardware contained within the server chassis. "Server equipment" also includes computer software necessary to operate the server. "Server equipment" does not include the racks upon which the server chassis is installed, and computer peripherals such as keyboards, monitors, printers, mice, and other devices that work outside of the computer.

(7) This section expires April 1, 2018.

**Sec. 1602.** RCW 82.12.--- and 2010 1st sp.s. c 1 (ESSB 6789) s 3 are each amended to read as follows:

(1) An exemption from the tax imposed by RCW 82.12.020 is provided for the use by qualifying businesses of eligible server equipment to be installed, without intervening use, in an eligible computer data center, and to the use of labor and services rendered in respect to installing such server equipment. The exemption also applies to the use of power infrastructure, including labor and services rendered in respect to installing, repairing, altering, or improving such infrastructure.

(2) A qualifying business is not eligible for the exemption under this section unless the department issued an exemption certificate to the qualifying business for the exemption provided in RCW 82.08.---(section 2, chapter 1 (ESSB 6789), Laws of 2010 1st sp. sess.).

(3)(a) The exemption provided in this section does not apply to:

(i) Any person who has received the benefit of the deferral program under chapter 82.60 RCW on: (A) The construction, renovation, or expansion of a structure or structures used as a computer data center; or (B) machinery or equipment used in a computer data center; and

(ii) Any person affiliated with a person within the scope of (a)(i) of this subsection (3). For purposes of this subsection, "affiliated" means that one person has a direct or indirect ownership interest of at least twenty percent in another person.

(b) If a person has received the benefit of the exemption under this section and subsequently receives the benefit of the deferral program under chapter 82.60 RCW on either the construction, renovation, or expansion of a structure or structures used as a computer data center or machinery or equipment used in a computer data center, the person must repay the amount of taxes exempted under this section. Interest as provided in chapter 82.32 RCW applies to amounts due under this subsection (3)(b) until paid in full. A person is not required to repay taxes under this subsection with respect to property and services for which the person is required to repay taxes under RCW 82.08.---(section 2, chapter 1 (ESSB 6789), Laws of 2010 1st sp. sess.).

(4) The definitions and requirements in RCW 82.08.--- (section 2, chapter 1 (ESSB 6789), Laws of 2010 1st sp. sess.) apply to this section.

(5) This section expires April 1, 2018.

## PART XVII

### Miscellaneous Provisions

**NEW SECTION.** **Sec. 1701.** If a court of competent jurisdiction, in a final judgment not subject to appeal, adjudges any provision of section 104(1)(c) of this act unconstitutional or otherwise invalid, Part I of this act is null and void in its entirety.

**NEW SECTION.** **Sec. 1702.** Part I of this act applies with respect to gross income of the business, as defined in RCW 82.04.080, including gross income from royalties as defined in RCW 82.04.2907, generated on and after June 1, 2010. For purposes of calculating the thresholds in section 104(1)(c) of this act for the 2010 tax year, property, payroll, and receipts are based on the entire 2010 tax year.

**NEW SECTION.** **Sec. 1703.** Except as provided in section 202 of this act, section 201 of this act applies to tax periods beginning January 1, 2006.

**NEW SECTION.** **Sec. 1704.** Sections 402 and 702 of this act apply both retroactively and prospectively.

**NEW SECTION.** **Sec. 1705.** In accordance with Article VIII, section 5 of the state Constitution, sections 702 and 1704 of this act do not authorize refunds of business and occupation tax validly collected before July 1, 2010, on amounts received by an individual from a corporation as compensation for serving as a member of that corporation's board of directors.

**NEW SECTION.** **Sec. 1706.** Section 402 of this act does not affect any final judgments, not subject to appeal, entered by a court of competent jurisdiction before the effective date of this section.

**NEW SECTION.** **Sec. 1707.** Except as provided in section 1701 of this act, if any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected.

**NEW SECTION.** **Sec. 1708.** Except as otherwise provided in this act, this act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect May 1, 2010.

**NEW SECTION.** **Sec. 1709.** Parts III and XIII and sections 101 through 106, 108 through 112, 501 through 503, 505, 507, 510 through 514, 516 through 519, 901, 903 through 911, and 1201 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 June 1, 2010.

**NEW SECTION.** **Sec. 1710.** Sections 106, 901, and 1201 of this act expire July 1, 2010.

**NEW SECTION.** **Sec. 1711.** Sections 503, 505, and 514 of this act expire June 10, 2010.

**NEW SECTION.** **Sec. 1712.** Sections 504, 506, and 515 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 June 10, 2010.

**NEW SECTION.** **Sec. 1713.** Parts VI, VII, and XIV and sections 107, 702, 902, and 1202 of this act are necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and take effect July 1, 2010.

**NEW SECTION.** **Sec. 1714.** Section 507 of this act expires July 13, 2010.

**NEW SECTION.** **Sec. 1715.** Section 508 of this act takes effect July 13, 2010.

**NEW SECTION.** **Sec. 1716.** Section 508 of this act expires July 1, 2011.

**NEW SECTION.** **Sec. 1717.** Section 509 of this act takes effect July 1, 2011.

**NEW SECTION.** **Sec. 1718.** Section 1001 of this act applies prospectively only.

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NEW SECTION. Sec. 1719. Sections 1502 and 1503 of this act apply to claims for credit or refund filed with the department of revenue after June 30, 2010."

Correct the title.

And the bill do pass as recommended by the conference committee.

Signed by Senators Prentice and Murray; Representatives Hasegawa and Hunter.

#### MOTION

Senator Prentice moved that the Report of the Conference Committee on Second Engrossed Substitute Senate Bill No. 6143 be adopted.

Senator Zarelli spoke against the motion.

Senator Schoesler demanded a roll call on the motion to adopt the conference committee report on Second Engrossed Substitute Senate Bill No. 6143.

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

The President declared the question before the Senate to be the motion by Senator Prentice that the Report of the Conference Committee on Second Engrossed Substitute Senate Bill No. 6143 be adopted.

#### ROLL CALL

The Secretary called the roll on the motion by Senator Prentice and the report of the conference committee was adopted by the following vote: Yeas, 25; Nays, 21; Absent, 0; Excused, 3.

Voting yea: Senators Berkey, Brown, Eide, Fairley, Franklin, Fraser, Gordon, Hargrove, Hatfield, Haugen, Jacobsen, Kastama, Keiser, Kline, Kohl-Welles, McAuliffe, McDermott, Murray, Oemig, Prentice, Pridemore, Ranker, Regala, Rockefeller and Shin

Voting nay: Senators Becker, Benton, Brandland, Carrell, Hewitt, Hobbs, Holmquist, Honeyford, Kauffman, Kilmer, King, Marr, Morton, Parlette, Pflug, Roach, Schoesler, Sheldon, Swecker, Tom and Zarelli

Excused: Senators Delvin, McCaslin and Stevens

The Report of the Conference Committee was adopted by a roll call.

The President declared the question before the Senate to be the final passage of Second Engrossed Substitute Senate Bill No. 6143, as recommended by the Conference Committee.

Senators Schoesler, Sheldon, Morton, Carrell, Zarelli, Benton and Pflug spoke against final passage of the bill.

Senators Hargrove, Jacobsen, Franklin, Brown, and Murray spoke in favor of final passage of the bill.

#### ROLL CALL

The Secretary called the roll on the final passage of Second Engrossed Substitute Senate Bill No. 6143, as recommended by the Conference Committee, and the bill passed the Senate by the following vote: Yeas, 25; Nays, 21; Absent, 0; Excused, 3.

Voting yea: Senators Berkey, Brown, Eide, Fairley, Franklin, Fraser, Gordon, Hargrove, Hatfield, Haugen, Jacobsen, Kastama, Keiser, Kline, Kohl-Welles, McAuliffe, McDermott, Murray, Oemig, Prentice, Pridemore, Ranker, Regala, Rockefeller and Shin

Voting nay: Senators Becker, Benton, Brandland, Carrell, Hewitt, Hobbs, Holmquist, Honeyford, Kauffman, Kilmer, King,

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Marr, Morton, Parlette, Pflug, Roach, Schoesler, Sheldon, Swecker, Tom and Zarelli

Excused: Senators Delvin, McCaslin and Stevens

SECOND ENGROSSED SUBSTITUTE SENATE BILL NO. 6143, as recommended by the Conference Committee, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

#### SIGNED BY THE PRESIDENT

The President signed:  
ENGROSSED SENATE BILL 6870.

#### MOTION

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

The Senate resumed consideration of Engrossed House Bill No. 2561 which had been deferred earlier in the day.

#### MOTION

Senator Honeyford moved that the following amendment by Senator Honeyford to the committee striking amendment be adopted:

On page 3, line 34, after "(b)" insert the following:  
""Cost effective" has the same meaning as provided in RCW 80.52.030.

(c)"

On page 5, line 15, after "demonstrates" insert "cost effective"  
Renumber the sections consecutively and correct any internal references accordingly.

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

Senator Fraser spoke against adoption of the amendment to the committee striking amendment.

The President declared the question before the Senate to be the adoption of the amendment by Senator Honeyford on page 3, line 34 to the committee striking amendment to Engrossed House Bill No. 2561.

The motion by Senator Honeyford failed and the amendment to the committee striking amendment was not adopted by a rising vote.

The President declared the question before the Senate to be the adoption of the committee striking amendment by the Committee on Ways & Means to Engrossed House Bill No. 2561.

#### POINT OF ORDER

Senator Carrell: "I believe that this bill contains two subjects in violation of Senate Rule 25 and I have arguments thereon. This bill authorized the issuance of bonds for the purpose of creating energy efficient schools. In addition the bill removes the expiration date on the new tax on bottled water. The tax on bottled water is not dedicated to the payment of the bonds issued under the bill. It is an entirely separate stand alone provision to extend the tax where the revenue is directed to the state's general fund and revenue may be spent on a variety of programs. Mr. President, I believe that the bill contains two distinct subjects, the issuance of bonds and the extension of a tax in violation of Rule 25."

## REPLY BY THE PRESIDENT

President Owen: "Senator Carrell, the President needs a clarification. You raised your point of order on the bill or raised your point of order on the committee amendment? Senator Carrell, the President is going to allow little latitude here because he believes that you made your point of order to the bill but in effect the striking amendment is the bill. Therefore he will allow the consideration of the two the question of violating the two issue rule on the striking amendment itself and we'll take under consideration."

Senator Eide spoke against the point of order.

## RULING BY THE PRESIDENT

President Owen: "In ruling on the Point of Order raised by Senator Carrell as to whether the Senate committee amendment to Engrossed House Bill 2561 would violate the single subject limitation found in Senate Rule 25, the President finds and rules as follows:

The Senate has developed a body of parliamentary precedent on this issue, precedent which is based in large part upon Supreme Court rulings on this same topic. While the President does not make legal rulings, the Supreme Court's guidance is appropriate, because Senate Rule 25 contains the same single subject language found in our Constitution in Article II, Section 19.

Very generally, this precedent requires that the various sections and effects of a measure be rationally related to that measure's overarching common purpose or subject. It is true that this measure contains multiple provisions, but these are all harmonized under one common policy choice—or subject—of the bill, which is to issue bonds for a particular purpose and include revenue which might fund those bonds and facilitate that purpose. The varied and detailed sections of the bill in this case are simply policy choices made by the drafters to implement that purpose. Others may prefer different choices or different purposes altogether, but those are policy choices to be made by this body, not a violation of Senate Rule 25.

For these reasons, the President finds that the proposed committee amendment does not violate the provisions of Senate Rule 25, and Senator Carrell's point is not well-taken."

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

## MOTION

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

On page 1, line 2 of the title, after "facilities" strike the remainder of the title and insert "and raising revenue therefor; amending RCW 82.08.0293, 82.12.0293, and 39.94.040; adding a new chapter to Title 43 RCW; creating new sections; making an appropriation; providing a contingent effective date; providing for submission of certain sections of this act to a vote of the people; and declaring an emergency."

## MOTION

On motion of Senator Fraser, the rules were suspended, Engrossed House Bill No. 2561 as amended b the Senate was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senators Fraser, Franklin and Rockefeller spoke in favor of passage of the bill.

Senators Zarelli, King, Benton and Carrell spoke against passage of the bill.

The President declared the question before the Senate to be the final passage of Engrossed House Bill No. 2561 as amended by the Senate.

## ROLL CALL

The Secretary called the roll on the final passage of Engrossed House Bill No. 2561 as amended b the Senate and the bill passed the Senate by the following vote: Yeas, 28; Nays, 18; Absent, 0; Excused, 3.

Voting yea: Senators Berkey, Brown, Eide, Fairley, Franklin, Fraser, Gordon, Hargrove, Hatfield, Hobbs, Jacobsen, Kastama, Kauffman, Keiser, Kilmer, Kline, Kohl-Welles, Marr, McAuliffe, McDermott, Murray, Oemig, Prentice, Pridemore, Ranker, Regala, Rockefeller and Shin

Voting nay: Senators Becker, Benton, Blandland, Carrell, Haugen, Hewitt, Holmquist, Honeyford, King, Morton, Parlette, Pflug, Roach, Schoesler, Sheldon, Svecker, Tom and Zarelli

Excused: Senators Delvin, McCaslin and Stevens

ENGROSSED HOUSE BILL NO. 2561 as amended b the Senate, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

## MOTION

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

## MESSAGE FROM THE HOUSE

April 12, 2010

## MR. PRESIDENT:

The House passed ENGROSSED SUBSTITUTE SENATE BILL NO. 6444 with the following amendment(s): 6444-S.E AMH ENGR H5863.E

Strike everything after the enacting clause and insert the following:

**"PART I  
GENERAL GOVERNMENT**

**Sec. 101.** 2009 c 564 s 101 (uncodified) is amended to read as follows:

**FOR THE HOUSE OF REPRESENTATIVES**

General Fund--State Appropriation (FY 2010).....	<u>(((\$33,500,000))</u>
	\$33,505,000

General Fund--State Appropriation (FY 2011).....	<u>(((\$33,379,000))</u>
	\$32,146,000

TOTAL APPROPRIATION.....	<u>(((\$66,879,000))</u>
	\$65,651,000

**Sec. 102.** 2009 c 564 s 102 (uncodified) is amended to read as follows:

**FOR THE SENATE**

General Fund--State Appropriation (FY 2010).....	<u>(((\$24,957,000))</u>
	\$24,960,000

General Fund--State Appropriation (FY 2011).....	<u>(((\$27,182,000))</u>
	\$25,631,000

TOTAL APPROPRIATION.....	<u>(((\$52,139,000))</u>
	\$50,591,000

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**Sec. 103.** 2009 c 564 s 103 (uncodified) is amended to read as follows:

**FOR THE JOINT LEGISLATIVE AUDIT AND REVIEW COMMITTEE**

General Fund--State Appropriation (FY 2010).....	\$2,874,000
General Fund--State Appropriation (FY 2011).....	<u><del>(\$2,884,000)</del></u>
	<u><del>\$3,152,000</del></u>
<b>TOTAL APPROPRIATION</b> .....	<u><del>((5,758,000))</del></u>
	<u><del>\$6,026,000</del></u>

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

(1) Notwithstanding the provisions of this section, the joint legislative audit and review committee may adjust the due dates for projects included on the committee's 2009-11 work plan as necessary to efficiently manage workload.

(2) Within the amounts appropriated in this section, the committee shall conduct a review of the effect of risk management practices on tort payouts. This review shall include an analysis of the state's laws, policies, procedures, and practices as they relate to the conduct of post-incident reviews and the impact of such reviews on the state's conduct and liability.

(3) Within the amounts appropriated in this section, the committee shall conduct a review of the state's workplace safety and health program. The review shall examine workplace safety inspection, enforcement, training, and outreach efforts compared to other states and federal programs; analyze workplace injury and illness rates and trends in Washington; identify factors that may influence workplace safety and health; and identify practices that may improve workplace safety and health and/or impact insurance costs.

(4) Within the amounts appropriated in this section, the committee shall prepare an evaluation of the implementation of legislation designed to improve communication, collaboration, and expedited medicaid attainment with regard to persons released from confinement who have mental health or chemical dependency disorders. The review shall evaluate the implementation of: (a) Chapter 166, Laws of 2004 (E2SSB 6358); (b) sections 507 and 508 of chapter 504, Laws of 2005 (E2SSB 5763); (c) sections 12 and 13 of chapter 503, Laws of 2005 (E2SHB 1290); and (d) section 8 of chapter 359, Laws of 2007 (ZSHB 1088). The departments of corrections and social and health services, the administrative office of the courts, institutions for mental disease, city and county jails, city and county courts, county clerks, and mental health and chemical dependency treatment providers shall provide the committee with information necessary for the study.

(5) Within the amount appropriated in this section, the joint legislative audit and review committee shall conduct a review of the state's recreational boating programs. This review shall include examination of the following:

- (a) Revenue sources for state recreational boating programs;
- (b) Expenditures for state boating programs;

(c) Methods of administering state recreational boating programs, including the roles of both state and local government entities; and

(d) Approaches other states have taken to funding and administering their recreational boating programs.

The committee shall complete the review by October 31, 2010.

((7)) (6) Within the amount appropriated in this section, the joint legislative audit and review committee shall examine the operations of employment and day services as provided by the department of social and health services, division of developmental disabilities and administered by the counties. The examination shall include a thorough review of the contracts for all services including, but not limited to, employment services, day services, child development services and other uses of state dollars for county

administration of services to the developmentally disabled. In its final report, due to the legislature by September 1, 2010, the joint legislative audit and review committee shall provide: A description of how funds are used and the rates paid to vendors, and a recommendation on best practices the agency may use for the development of a consistent, outcome-based contract for services provided under contract with the counties.

((8)) (7) Within the amount appropriated in this section, the joint legislative audit and review committee shall conduct a study of the relationship between the cost of school districts and their enrollment size. The study shall be completed by June 2010 and shall include:

(a) An analysis of how categories of costs vary related to size, including but not limited to facility costs, transportation costs, educational costs, and administrative costs;

(b) A review of other factors that may impact costs, such as revenues available from local levies and other sources, geographic dispersion, demographics, level of services received from educational service districts, and whether districts operate a high school;

(c) Case studies on the change in cost patterns occurring after school district consolidations and for school districts operating under state oversight condition specified in RCW 28A.505.110; and

(d) A review of available research on nonfinancial benefits and impacts associated with school and school district size.

(8) \$200,000 of the general fund--state appropriation for fiscal year 2011 is provided for the committee to contract with a consultant specializing in medicaid programs nationwide to review Washington state's medicaid program and report on cost containment strategies for the 2011-13 biennial budget. The report is due to the fiscal committees of the legislature by June 1, 2011.

(9) \$50,000 of the general fund--state appropriation for fiscal year 2011 is provided solely for the joint legislative audit and review committee to complete a report that includes the following: (a) An analysis of the availability within eastern Washington of helicopters that are privately owned or owned by nonstate governmental entities that are sufficiently outfitted to participate in wildfire suppression efforts of the department of natural resources; (b) a comparison of the costs to the department of natural resources for maintaining the existing helicopter fleet versus entering into exclusive use contracts with the helicopters noted in (a) of this subsection; and (c) an analysis that compares the use and funding of helicopters utilized for wildfire suppression in the states of California, Oregon, Idaho, and Montana. The committee shall submit the report to the appropriate fiscal committees of the legislature and the office of financial management no later than December 1, 2010.

(10)(a) The task force for reform of executive and legislative procedures dealing with tax preferences is hereby established. The task force must:

(i) Review current executive and legislative budget and policy practices and procedures associated with the recommendation, development, and consideration of tax preferences, assess the effectiveness of budgeting requirements and practices, the general rigor of justifications and evaluations typically provided during legislative consideration of tax preferences, and the role and value of methodologies currently used to measure the public benefits and costs, including opportunity costs, of tax preferences, as defined in RCW 43.136.021.

(ii) Consider but not be limited to, the factors listed in RCW 43.136.055.

(b) The task force may make recommendations to improve the effectiveness of the review process conducted by the citizen commission on performance measurement of tax preferences process as described in chapter 43.136 RCW. The task force may also recommend changes or improvements in the manner in which

both the executive branch and legislative branch of state government address tax preferences generally, including those in effect as well as those that may be hereafter proposed, in order to protect the public interest and assure transparency, fairness, and equity in the state tax code.

(c) The task force may recommend structural or procedural changes that it feels will enhance both executive and legislative procedures and ensure consistent and rigorous examination of such preferences.

(d) The task force must report its recommendations to the governor and legislative fiscal committees by November 15, 2010.

(e) The task force has eleven voting members as follows:

(i) One member is the state treasurer;

(ii) One member is the chair of the joint legislative audit and review committee;

(iii) One member is the director of financial management;

(iv) A member, four in all, of each of the two largest caucuses of the senate and the two largest caucuses of the house of representatives, appointed by the chair of each caucus; and

(v) An appointee who is not a legislator, four in all, of each of the two largest caucuses of the senate and the two largest caucuses of the house of representatives, appointed by the chair of each caucus.

(f) Persons appointed by the caucus chairs under (e)(v) of this subsection should be individuals who have a basic understanding of state tax policy, government operations, and public services.

(g) The task force must elect a chair from among its members. Decisions of the task force must be made using the sufficient consensus model. For the purposes of this subsection, "sufficient consensus" means the point at which the substantial majority of the commission favors taking a particular action. The chair may determine when a vote must be taken. The task force must allow a minority report to be included with a decision of the task force if requested by a member of the task force.

(h) The joint legislative audit and review committee must provide clerical, technical, and management personnel to the task force to serve as the task force's staff. The staff of the legislative fiscal committees, legislative counsel, and the office of financial management must also provide technical assistance to the task force. The department of revenue must provide necessary support and information to the joint task force.

(i) The task force must meet at least once a quarter and may hold additional meetings at the call of the chair or by a majority vote of the members of the task force. The members of the task force must be compensated in accordance with RCW 43.03.220 and reimbursed for travel expenses in accordance with RCW 43.03.050 and 43.03.060.

**Sec. 104.** 2009 c 564 s 104 (uncodified) is amended to read as follows:

**FOR THE LEGISLATIVE EVALUATION AND ACCOUNTABILITY PROGRAM COMMITTEE**

General Fund--State Appropriation (FY 2010).....\$1,748,000  
General Fund--State Appropriation (FY 2011).....((\$1,927,000))

\$1,916,000

TOTAL APPROPRIATION.....((\$3,675,000))  
\$3,664,000

**Sec. 105.** 2009 c 564 s 105 (uncodified) is amended to read as follows:

**FOR THE OFFICE OF THE STATE ACTUARY**

General Fund--State Appropriation (FY 2010).....\$200,000  
General Fund--State Appropriation (FY 2011).....((\$25,000))

\$20,000

((Health Care Authority Administrative Account State  
Appropriation.....\$735,000))

Department of Retirement Systems Expense  
Account--State Appropriation.....((\$3,309,000))

TOTAL APPROPRIATION.....	<u>\$3,305,000</u>
	(( <u>\$4,269,000</u> )))
	<u>\$3,525,000</u>

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

(1) \$25,000 of the department of retirement systems--state appropriation is provided solely for the continued study of local government liabilities for postretirement medical benefits for members of plan 1 of the law enforcement officers' and firefighters' retirement system.

(2) \$51,000 of the department of retirement systems expense account--state appropriation is provided solely for the state actuary to contract with the Washington state institute for public policy for a study of the disability benefits provided to the plan 2 and plan 3 members of the public employees' retirement system, the teachers' retirement system, and the school employees' retirement system. Among the options the institute shall examine include statutory changes to the retirement systems and insurance products. The institute shall report its findings and recommendations to the select committee on pension policy by November 1, 2009.

(3) \$30,000 of the department of retirement systems expense account--state appropriation is provided solely for the state actuary to contract with the Washington state institute for public policy to continue the study of long-term disability benefits for public employees as authorized by subsection (2) of this section during the 2010 legislative interim. The purpose of the study is to develop the options identified in the 2009 legislative interim disability benefit study, including options related to the public employees' benefits board programs, other long-term disability insurance programs, and public employee retirement system benefits. The institute shall report no later than November 17, 2010, new findings and any additional recommendations on the options to the select committee on pension policy, the senate committee on ways and means, and the house committee on ways and means. The Washington state institute for public policy shall work with the health care authority to coordinate analysis and recommendations with its contracted disability vendor and appropriate stakeholders.

(4) \$175,000 of the general fund--state appropriation for fiscal year 2010 is provided solely for the office of the state actuary to conduct an independent assessment of alternatives for assuring the long-term financial solvency of the guaranteed education tuition program including suspension of the program. In conducting this review, the office may contract for assistance, and shall consult with the higher education coordinating board, the operating budget committees of the legislature, the office of financial management, and the state's public colleges and universities. The office shall report findings, an assessment of the major alternatives, and suggested actions to the governor and to the relevant legislative committees by November 15, 2009.

**Sec. 106.** 2009 c 564 s 106 (uncodified) is amended to read as follows:

**FOR THE JOINT LEGISLATIVE SYSTEMS COMMITTEE**

General Fund--State Appropriation (FY 2010).....((\$8,651,000))

\$8,652,000

General Fund--State Appropriation (FY 2011).....((\$8,519,000))

\$8,506,000

TOTAL APPROPRIATION.....((\$17,170,000))

\$17,158,000

**Sec. 107.** 2009 c 564 s 107 (uncodified) is amended to read as follows:

**FOR THE STATUTE LAW COMMITTEE**

General Fund--State Appropriation (FY 2010).....((\$4,610,000))

\$4,611,000

General Fund--State Appropriation (FY 2011).....((\$5,029,000))

\$4,864,000

TOTAL APPROPRIATION.....((\$9,639,000))

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\$9,475,000

**Sec. 108.** 2009 c 564 s 108 (uncodified) is amended to read as follows:

**FOR THE REDISTRICTING COMMISSION**

General Fund--State Appropriation (FY 2011).....	<u>(((\$610,000))</u>
	<u>\$1,115,000</u>

The appropriations in this section are subject to the following conditions and limitations: \$505,000 of the general fund--state appropriation for fiscal year 2011 is provided solely for the support of legislative redistricting efforts. Prior to the appointment of the redistricting commission, the secretary of the senate and chief clerk of the house of representatives may jointly authorize the expenditure of these funds to facilitate preparations for the 2012 redistricting effort. Following the appointment of the commission, the house of representatives and senate shall enter into an interagency agreement with the commission authorizing the continued expenditure of these funds for legislative redistricting support.

**Sec. 109.** 2009 c 564 s 110 (uncodified) is amended to read as follows:

**FOR THE SUPREME COURT**

General Fund--State Appropriation (FY 2010).....	<u>(((\$6,912,000))</u>
	<u>\$6,891,000</u>

General Fund--State Appropriation (FY 2011).....	<u>(((\$6,948,000))</u>
	<u>\$6,795,000</u>

TOTAL APPROPRIATION.....	<u>(((\$13,860,000))</u>
	<u>\$13,686,000</u>

The appropriations in this section are subject to the following conditions and limitations: It is the intent of the legislature that the reductions in appropriations in this section shall be achieved, to the greatest extent possible, by reducing those state government administrative costs that do not affect direct client services or direct service delivery or programs. The agency shall, to the greatest extent possible, reduce spending in those areas that shall have the least impact on implementing its mission.

**Sec. 110.** 2009 c 564 s 111 (uncodified) is amended to read as follows:

**FOR THE LAW LIBRARY**

General Fund--State Appropriation (FY 2010).....	<u>(((\$1,924,000))</u>
	<u>\$1,925,000</u>

General Fund--State Appropriation (FY 2011).....	<u>(((\$1,922,000))</u>
	<u>\$1,659,000</u>

TOTAL APPROPRIATION.....	<u>(((\$3,846,000))</u>
	<u>\$3,584,000</u>

The appropriations in this section are subject to the following conditions and limitations: It is the intent of the legislature that the reductions in appropriations in this section shall be achieved, to the greatest extent possible, by reducing those state government administrative costs that do not affect direct client services or direct service delivery or programs. The agency shall, to the greatest extent possible, reduce spending in those areas that shall have the least impact on implementing its mission.

**Sec. 111.** 2009 c 564 s 112 (uncodified) is amended to read as follows:

**FOR THE COURT OF APPEALS**

General Fund--State Appropriation (FY 2010).....	<u>(((\$15,793,000))</u>
	<u>\$15,632,000</u>

General Fund--State Appropriation (FY 2011).....	<u>(((\$15,895,000))</u>
	<u>\$15,969,000</u>

TOTAL APPROPRIATION.....	<u>(((\$31,688,000))</u>
	<u>\$31,601,000</u>

The appropriations in this section are subject to the following conditions and limitations: It is the intent of the legislature that the reductions in appropriations in this section shall be achieved, to the greatest extent possible, by reducing those state government administrative costs that do not affect direct client services or direct

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service delivery or programs. The agency shall, to the greatest extent possible, reduce spending in those areas that shall have the least impact on implementing its mission.

**Sec. 112.** 2009 c 564 s 113 (uncodified) is amended to read as follows:

**FOR THE COMMISSION ON JUDICIAL CONDUCT**

General Fund--State Appropriation (FY 2010).....	<u>(((\$1,032,000))</u>
	<u>\$1,043,000</u>

General Fund--State Appropriation (FY 2011).....	<u>(((\$1,082,000))</u>
	<u>\$1,064,000</u>

TOTAL APPROPRIATION.....	<u>(((\$2,114,000))</u>
	<u>\$2,107,000</u>

The appropriations in this section are subject to the following conditions and limitations: It is the intent of the legislature that the reductions in appropriations in this section shall be achieved, to the greatest extent possible, by reducing those state government administrative costs that do not affect direct client services or direct service delivery or programs. The agency shall, to the greatest extent possible, reduce spending in those areas that shall have the least impact on implementing its mission.

**Sec. 113.** 2009 c 564 s 114 (uncodified) is amended to read as follows:

**FOR THE ADMINISTRATOR FOR THE COURTS**

General Fund--State Appropriation (FY 2010).....	<u>(((\$53,607,000))</u>
	<u>\$52,644,000</u>

General Fund--State Appropriation (FY 2011).....	<u>(((\$51,812,000))</u>
	<u>\$52,562,000</u>

General Fund--Federal Appropriation.....	<u>\$979,000</u>
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Judicial Information Systems Account--State	
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Appropriation.....	<u>(((\$29,676,000))</u>
	<u>\$33,406,000</u>

Judicial Stabilization Trust Account--State	
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Appropriation.....	<u>\$6,598,000</u>
TOTAL APPROPRIATION.....	<u>(((\$141,693,000))</u>
	<u>\$146,189,000</u>

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

(1) \$1,800,000 of the general fund--state appropriation for fiscal year 2010 and \$1,800,000 of the general fund--state appropriation for fiscal year 2011 are provided solely for school districts for petitions to juvenile court for truant students as provided in RCW 28A.225.030 and 28A.225.035. The office of the administrator for the courts shall develop an interagency agreement with the superintendent of public instruction to allocate the funding provided in this subsection. Allocation of this money to school districts shall be based on the number of petitions filed. This funding includes amounts school districts may expend on the cost of serving petitions filed under RCW 28A.225.030 by certified mail or by personal service or for the performance of service of process for any hearing associated with RCW 28A.225.030.

(2)(a) \$8,252,000 of the general fund--state appropriation for fiscal year 2010 and \$8,253,000 of the general fund--state appropriation for fiscal year 2011 are provided solely for distribution to county juvenile court administrators to fund the costs of processing truancy, children in need of services, and at-risk youth petitions. The administrator for the courts, in conjunction with the juvenile court administrators, shall develop an equitable funding distribution formula. The formula shall neither reward counties with higher than average per-petition processing costs nor shall it penalize counties with lower than average per-petition processing costs.

(b) Each fiscal year during the 2009-11 fiscal biennium, each county shall report the number of petitions processed and the total actual costs of processing truancy, children in need of services, and at-risk youth petitions. Counties shall submit the reports to the

administrator for the courts no later than 45 days after the end of the fiscal year. The administrator for the courts shall electronically transmit this information to the chairs and ranking minority members of the house of representatives appropriations committee and the senate ways and means committee no later than 60 days after a fiscal year ends. These reports are deemed informational in nature and are not for the purpose of distributing funds.

(3) The distributions made under this subsection and distributions from the county criminal justice assistance account made pursuant to section 801 of this act constitute appropriate reimbursement for costs for any new programs or increased level of service for purposes of RCW 43.135.060.

(4) \$5,700,000 of the judicial information systems account--state appropriation is provided solely for modernization and integration of the judicial information system.

(a) Of this amount, \$1,700,000 is for the development of a comprehensive enterprise-level information technology strategy and detailed business and operational plans in support of that strategy, and \$4,000,000 is to continue to modernize and integrate current systems and enhance case management functionality on an incremental basis.

(b) The amount provided in this subsection may not be expended without prior approval by the judicial information system committee ((in consultation with the information services board)). The administrator shall regularly submit project plan updates for approval to the judicial information system committee ((and the information services board)).

(c) The judicial information system committee ((and the information services board)) shall review project progress on a regular basis and may require quality assurance plans. The judicial information systems committee ((and the information services board)) shall provide a report to the appropriate committees of the legislature no later than November 1, 2011, on the status of the judicial information system modernization and integration, and the consistency of the project with the state's architecture, infrastructure and statewide enterprise view of service delivery.

(d) \$100,000 of the judicial information systems account--state appropriation is provided solely for the administrative office of the courts, in coordination with the judicial information system committee, to conduct an independent third-party executive-level review of the judicial information system. This review shall examine, at a minimum, the scope of the current project plan, governance structure, and organizational change management procedures. The review will also benchmark the system plans against similarly sized projects in other states or localities, review the large scale program risks, and estimate life cycle costs, including capital and on-going operational expenditures.

(5) \$3,000,000 of the judicial information systems account--state appropriation is provided solely for replacing computer equipment at state courts, and at state judicial agencies. The administrator for the courts shall prioritize equipment replacement purchasing and shall fund those items that are most essential or critical. By October 1, 2010, the administrative office of the courts shall report to the appropriate legislative fiscal committees on expenditures for equipment under this subsection.

(6) \$12,000 of the judicial information systems account--state appropriation is provided solely to implement Engrossed Substitute House Bill No. 1954 (sealing juvenile records). If the bill is not enacted by June 30, 2009, the amount provided in this subsection shall lapse.

(7) \$106,000 of the general fund--state appropriation for fiscal year 2010 and \$106,000 of the general fund--state appropriation for fiscal year 2011 are provided solely for the twenty-third superior court judge position in Pierce county. The funds appropriated in this subsection shall be expended only if the judge is appointed and serving on the bench.

(8) It is the intent of the legislature that the reductions in appropriations in this section shall be achieved, to the greatest extent possible, by reducing those state government administrative costs that do not affect direct client services or direct service delivery or programs. The agency shall, to the greatest extent possible, reduce spending in those areas that shall have the least impact on implementing its mission.

(9) \$44,000 of the judicial information systems account--state appropriation is provided solely to implement chapter 272, Laws of 2010 (SHB 2680; guardianship).

(10) \$274,000 of the general fund--state appropriation for fiscal year 2011 is provided solely for the office of public guardianship to provide guardianship services for low-income incapacitated persons.

(11) \$3,797,000 of the judicial information systems account--state appropriation is provided solely for continued planning and implementation of improvements to the court case management system.

**Sec. 114.** 2009 c 564 s 115 (uncodified) is amended to read as follows:

**FOR THE OFFICE OF PUBLIC DEFENSE**

General Fund--State Appropriation (FY 2010).....	\$25,385,000
General Fund--State Appropriation (FY 2011).....	(((\$24,592,000)))
	\$24,591,000

Judicial Stabilization Trust Account--State

Appropriation.....	\$2,923,000
TOTAL APPROPRIATION.....	(((\$52,900,000)))
	\$52,899,000

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

(1) It is the intent of the legislature that the reductions in appropriations in this section shall be achieved, to the greatest extent possible, by reducing those state government administrative costs that do not affect direct client services or direct service delivery or programs. The agency shall, to the greatest extent possible, reduce spending in those areas that shall have the least impact on implementing its mission.

(2) The amounts provided include funding for expert and investigative services in death penalty personal restraint petitions.

**Sec. 115.** 2009 c 564 s 116 (uncodified) is amended to read as follows:

**FOR THE OFFICE OF CIVIL LEGAL AID**

General Fund--State Appropriation (FY 2010).....	\$11,175,000
General Fund--State Appropriation (FY 2011).....	(((\$11,105,000)))
	\$10,984,000

Judicial Stabilization Trust Account--State

Appropriation.....	(((\$1,160,000)))
	\$1,155,000
TOTAL APPROPRIATION.....	(((\$23,440,000)))
	\$23,314,000

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

(1) An amount not to exceed \$40,000 of the general fund--state appropriation for fiscal year 2010 and an amount not to exceed \$40,000 of the general fund--state appropriation for fiscal year 2011 may be used to provide telephonic legal advice and assistance to otherwise eligible persons who are sixty years of age or older on matters authorized by RCW 2.53.030(2) (a) through (k) regardless of household income or asset level.

(2) It is the intent of the legislature that the reductions in appropriations in this section shall be achieved, to the greatest extent possible, by reducing those state government administrative costs that do not affect direct client services or direct service delivery or programs. The agency shall, to the greatest extent possible, reduce spending in those areas that shall have the least impact on implementing its mission.

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**Sec. 116.** 2009 c 564 s 117 (uncodified) is amended to read as follows:

**FOR THE OFFICE OF THE GOVERNOR**

General Fund--State Appropriation (FY 2010).....	(((\$5,880,000))
	<u>\$5,836,000</u>
General Fund--State Appropriation (FY 2011).....	(((\$5,876,000))
	<u>\$5,705,000</u>
Economic Development Strategic Reserve Account--State Appropriation.....	\$1,500,000
TOTAL APPROPRIATION.....	(((\$13,256,000))
	<u>\$13,041,000</u>

The appropriations in this section are subject to the following conditions and limitations: ((4)) \$1,500,000 of the economic development strategic reserve account appropriation is provided solely for efforts to assist with currently active industrial recruitment efforts that will bring new jobs to the state or will retain headquarter locations of major companies currently housed in the state.

**Sec. 117.** 2009 c 564 s 118 (uncodified) is amended to read as follows:

**FOR THE LIEUTENANT GOVERNOR**

General Fund--State Appropriation (FY 2010).....	(((\$770,000))
	<u>\$752,000</u>
General Fund--State Appropriation (FY 2011).....	(((\$788,000))
	<u>\$765,000</u>
General Fund--Private/Local Appropriation.....	(((\$90,000))
	<u>\$88,000</u>
TOTAL APPROPRIATION.....	(((\$1,648,000))
	<u>\$1,605,000</u>

**Sec. 118.** 2009 c 564 s 119 (uncodified) is amended to read as follows:

**FOR THE PUBLIC DISCLOSURE COMMISSION**

General Fund--State Appropriation (FY 2010).....	(((\$2,267,000))
	<u>\$2,249,000</u>
General Fund--State Appropriation (FY 2011).....	(((\$2,264,000))
	<u>\$2,212,000</u>
TOTAL APPROPRIATION.....	(((\$4,531,000))
	<u>\$4,461,000</u>

**Sec. 119.** 2010 c 3 s 101 (uncodified) is amended to read as follows:

**FOR THE SECRETARY OF STATE**

General Fund--State Appropriation (FY 2010).....	(((\$20,649,000))
	<u>\$21,105,000</u>
General Fund--State Appropriation (FY 2011).....	(((\$17,733,000))
	<u>\$14,869,000</u>
General Fund--Federal Appropriation.....	(((\$8,121,000))
	<u>\$8,082,000</u>
Archives and Records Management Account--State Appropriation.....	(((\$8,863,000))
	<u>\$8,990,000</u>
<u>Charitable Organization Education Account--State Appropriation.....</u>	<u>\$76,000</u>
Department of Personnel Service Account--State Appropriation.....	(((\$760,000))
	<u>\$757,000</u>
<u>Election Account--State Appropriation.....</u>	<u>\$77,000</u>
Local Government Archives Account--State Appropriation.....	(((\$11,777,000))
	<u>\$11,515,000</u>
Election Account--Federal Appropriation.....	(((\$29,715,000))
	<u>\$31,163,000</u>
TOTAL APPROPRIATION.....	(((\$97,618,000))
	<u>\$96,634,000</u>

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

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(1) \$4,101,000 of the general fund--state appropriation for fiscal year 2010 is provided solely to reimburse counties for the state's share of primary and general election costs and the costs of conducting mandatory recounts on state measures. Counties shall be reimbursed only for those odd-year election costs that the secretary of state validates as eligible for reimbursement.

(2)(a) \$1,897,000 of the general fund--state appropriation for fiscal year 2010 and \$2,076,000 of the general fund--state appropriation for fiscal year 2011 are provided solely for contracting with a nonprofit organization to produce gavel-to-gavel television coverage of state government deliberations and other events of statewide significance during the 2009-2011 biennium. The funding level for each year of the contract shall be based on the amount provided in this subsection. The nonprofit organization shall be required to raise contributions or commitments to make contributions, in cash or in kind, in an amount equal to forty percent of the state contribution. The office of the secretary of state may make full or partial payment once all criteria in this subsection have been satisfactorily documented.

(b) The legislature finds that the commitment of on-going funding is necessary to ensure continuous, autonomous, and independent coverage of public affairs. For that purpose, the secretary of state shall enter into a contract with the nonprofit organization to provide public affairs coverage.

(c) The nonprofit organization shall prepare an annual independent audit, an annual financial statement, and an annual report, including benchmarks that measure the success of the nonprofit organization in meeting the intent of the program.

(d) No portion of any amounts disbursed pursuant to this subsection may be used, directly or indirectly, for any of the following purposes:

(i) Attempting to influence the passage or defeat of any legislation by the legislature of the state of Washington, by any county, city, town, or other political subdivision of the state of Washington, or by the congress, or the adoption or rejection of any rule, standard, rate, or other legislative enactment of any state agency;

(ii) Making contributions reportable under chapter 42.17 RCW; or

(iii) Providing any: (A) Gift; (B) honoraria; or (C) travel, lodging, meals, or entertainment to a public officer or employee.

(3) The appropriations in this section are based upon savings assumed from the implementation of Senate Bill No. 6122 (election costs).

(4) ~~((The secretary of state shall not reduce the services provided by the talking book and Braille library below the service level provided in fiscal year 2008.))~~

~~((5))~~ In implementing budget reductions, the office of the secretary of state must make its first priority to maintain funding for the elections division.

~~((5))~~ \$76,000 of the charitable organization education account--state appropriation for fiscal year 2011 is provided solely to implement Second Substitute House Bill No. 2576 (corporation and charity fees). ~~If the bill is not enacted by June 30, 2010, the amount provided in this subsection shall lapse.~~

~~((6))~~ \$77,000 of the general fund--state appropriation for fiscal year 2010 is provided solely for deposit to the election account.

**Sec. 120.** 2009 c 564 s 121 (uncodified) is amended to read as follows:

**FOR THE GOVERNOR'S OFFICE OF INDIAN AFFAIRS**

General Fund--State Appropriation (FY 2010).....	(((\$266,000))
	<u>\$275,000</u>
General Fund--State Appropriation (FY 2011).....	(((\$276,000))
	<u>\$262,000</u>
TOTAL APPROPRIATION.....	(((\$542,000))

\$537,000

The appropriations in this section are subject to the following conditions and limitations: The office shall assist the department of personnel on providing the government-to-government training sessions for federal, state, local, and tribal government employees. The training sessions shall cover tribal historical perspectives, legal issues, tribal sovereignty, and tribal governments. Costs of the training sessions shall be recouped through a fee charged to the participants of each session. The department of personnel shall be responsible for all of the administrative aspects of the training, including the billing and collection of the fees for the training.

**Sec. 121.** 2009 c 564 s 122 (uncodified) is amended to read as follows:

**FOR THE COMMISSION ON ASIAN PACIFIC AMERICAN AFFAIRS**

General Fund--State Appropriation (FY 2010).....	(( <u>\$236,000</u> ))
	<u>\$216,000</u>
General Fund--State Appropriation (FY 2011).....	(( <u>\$224,000</u> ))
	<u>\$236,000</u>

TOTAL APPROPRIATION.....  
((\$460,000))  
\$452,000

**Sec. 122.** 2009 c 564 s 123 (uncodified) is amended to read as follows:

**FOR THE STATE TREASURER**

State Treasurer's Service Account--State Appropriation.....	(( <u>\$14,802,000</u> ))
	<u>\$14,686,000</u>

**Sec. 123.** 2009 c 564 s 124 (uncodified) is amended to read as follows:

**FOR THE STATE AUDITOR**

General Fund--State Appropriation (FY 2010).....	\$722,000
General Fund--State Appropriation (FY 2011).....	(( <u>\$729,000</u> ))
	<u>\$717,000</u>
State Auditing Services Revolving Account--State Appropriation.....	(( <u>\$12,061,000</u> ))

TOTAL APPROPRIATION.....  
((\$13,512,000))  
\$12,188,000

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

(1) Audits of school districts by the division of municipal corporations shall include findings regarding the accuracy of: (a) Student enrollment data; and (b) the experience and education of the district's certified instructional staff, as reported to the superintendent of public instruction for allocation of state funding.

(2) \$722,000 of the general fund--state appropriation for fiscal year 2010 and ((\$729,000)) \$717,000 of the general fund--state appropriation for fiscal year 2011 are provided solely for staff and related costs to verify the accuracy of reported school district data submitted for state funding purposes; conduct school district program audits of state funded public school programs; establish the specific amount of state funding adjustments whenever audit exceptions occur and the amount is not firmly established in the course of regular public school audits; and to assist the state special education safety net committee when requested.

(3) Within the amounts appropriated in this section, the state auditor shall continue to complete the annual audit of the state's comprehensive annual financial report and the annual federal single audit consistent with the auditing standards generally accepted in the United States and the standards applicable to financial audits contained in government auditing standards, issued by the comptroller general of the United States, and OMB circular A-133, audits of states, local governments, and nonprofit organizations.

(4) The legislature finds that the major changes in personnel funding in this budget and the long term effects of the ongoing economic recession combine with structural changes in the nature of

work and employment in many state agencies to require a continuing review of the workforce examination begun under chapter 534, Laws of 2009 (exempt employment practices). The legislature notes the ongoing management reforms of the Washington management service being undertaken by the department of personnel, and anticipates a continuing legislative committee examination of the architecture and cost of the state's career and executive workforce. To that end, the office of state auditor is invited to provide by September 1, 2010, a general survey of new and best practices for executive and career workforce management now in use by other states and relevant industries.

**Sec. 124.** 2010 c 3 s 102 (uncodified) is amended to read as follows:

**FOR THE CITIZENS' COMMISSION ON SALARIES FOR ELECTED OFFICIALS**

General Fund--State Appropriation (FY 2010).....	\$168,000
General Fund--State Appropriation (FY 2011).....	(( <u>\$209,000</u> ))
	<u>\$206,000</u>
TOTAL APPROPRIATION.....	(( <u>\$377,000</u> )) <u>\$374,000</u>

**Sec. 125.** 2010 c 3 s 103 (uncodified) is amended to read as follows:

**FOR THE ATTORNEY GENERAL**

General Fund--State Appropriation (FY 2010).....	(( <u>\$5,285,000</u> ))
	<u>\$5,732,000</u>
General Fund--State Appropriation (FY 2011).....	(( <u>\$5,614,000</u> ))
	<u>\$5,848,000</u>
General Fund--Federal Appropriation.....	\$4,026,000
New Motor Vehicle Arbitration Account--State Appropriation.....	(( <u>\$1,346,000</u> )) <u>\$1,350,000</u>
Legal Services Revolving Account--State Appropriation.....	(( <u>\$221,515,000</u> )) <u>\$220,909,000</u>
Tobacco Prevention and Control Account--State Appropriation.....	\$270,000
TOTAL APPROPRIATION.....	(( <u>\$238,056,000</u> )) <u>\$238,135,000</u>

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

(1) The attorney general shall report each fiscal year on actual legal services expenditures and actual attorney staffing levels for each agency receiving legal services. The report shall be submitted to the office of financial management and the fiscal committees of the senate and house of representatives no later than ninety days after the end of each fiscal year. As part of its by agency report to the legislative fiscal committees and the office of financial management, the office of the attorney general shall include information detailing the agency's expenditures for its agency-wide overhead and a breakdown by division of division administration expenses.

(2) Prior to entering into any negotiated settlement of a claim against the state that exceeds five million dollars, the attorney general shall notify the director of financial management and the chairs of the senate committee on ways and means and the house of representatives committee on ways and means.

(3) The office of the attorney general is authorized to expend \$2,100,000 from the Zyprexa and other cy pres awards towards consumer protection costs in accordance with uses authorized in the court orders.

(4) The attorney general shall annually report to the fiscal committees of the legislature all new cy pres awards and settlements and all new accounts, disclosing their intended uses, balances, the nature of the claim or account, proposals, and intended timeframes for the expenditure of each amount. The report shall be distributed

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electronically and posted on the attorney general's web site. The report shall not be printed on paper or distributed physically.

(5) The executive ethics board must produce a report by the end of the calendar year for the legislature regarding performance measures on the efficiency and effectiveness of the board, as well as on performance measures to measure and monitor the ethics and integrity of all state agencies.

(6) \$53,000 of the legal services revolving account--state appropriation is provided solely to implement Engrossed Second Substitute House Bill No. 3026 (school district compliance with state and federal civil rights laws).

**Sec. 126.** 2010 c 3 s 104 (uncodified) is amended to read as follows:

**FOR THE CASELOAD FORECAST COUNCIL**

General Fund--State Appropriation (FY 2010).....	\$766,000
General Fund--State Appropriation (FY 2011).....	<u>(((\$759,000))</u>
	<u>\$742,000</u>
<b>TOTAL APPROPRIATION</b> .....	<u>(((\$1,525,000))</u>
	<u>\$1,508,000</u>

The appropriations in this section are subject to the following conditions and limitations: \$13,000 of the general fund--state appropriation for fiscal year 2010 and \$7,000 of the general fund--state appropriation for fiscal year 2011 are for the implementation of Second Substitute House Bill No. 2106 (improving child welfare outcomes through the phased implementation of strategic and proven reforms). If the bill is not enacted by June 30, 2009, the amounts provided in this subsection shall lapse.

**Sec. 127.** 2010 c 3 s 105 (uncodified) is amended to read as follows:

**FOR THE DEPARTMENT OF COMMERCE**

General Fund--State Appropriation (FY 2010).....	<u>(((\$51,015,000))</u>
	<u>\$49,670,000</u>
General Fund--State Appropriation (FY 2011).....	<u>(((\$51,813,000))</u>
	<u>\$40,577,000</u>
General Fund--Federal Appropriation.....	<u>(((\$384,540,000))</u>
	<u>\$381,918,000</u>
General Fund--Private/Local Appropriation.....	<u>(((\$16,266,000))</u>
	<u>\$10,622,000</u>
Public Works Assistance Account--State Appropriation.....	<u>(((\$2,990,000))</u>
	<u>\$2,974,000</u>
Tourism Development and Promotion Account--State Appropriation.....	\$1,003,000
Drinking Water Assistance Administrative Account--State Appropriation.....	<u>(((\$439,000))</u>
	<u>\$433,000</u>
Lead Paint Account--State Appropriation.....	<u>(((\$18,000))</u>
	<u>\$35,000</u>
Building Code Council Account--State Appropriation .....	<u>(((\$1,286,000))</u>
	<u>\$688,000</u>
Home Security Fund Account--State Appropriation	<u>(((\$23,498,000))</u>
	<u>\$25,486,000</u>
Affordable Housing for All Account--State Appropriation.....	<u>(((\$11,900,000))</u>
	<u>\$11,896,000</u>
Washington Auto Theft Prevention Authority Account--State Appropriation.....	\$300,000
Independent Youth Housing Account--State Appropriation.....	<u>(((\$80,000))</u>
	<u>\$220,000</u>
<b>County Research Services Account--State Appropriation</b> .....	<u>\$469,000</u>
Community Preservation and Development Authority Account--State Appropriation.....	\$350,000

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Financial Fraud and Identity Theft Crimes Investigation and Prosecution Account--State Appropriation.....	\$1,166,000
Low-Income Weatherization Assistance Account--State Appropriation.....	<u>(((\$8,382,000))</u>
	<u>\$6,882,000</u>
<b>City and Town Research Services Account--State     Appropriation.....</b>	<u>\$2,246,000</u>
Manufacturing Innovation and Modernization Account--State Appropriation.....	<u>(((\$246,000))</u>
	<u>\$230,000</u>
Community and Economic Development Fee Account--State Appropriation.....	<u>(((\$1,833,000))</u>
	<u>\$6,922,000</u>
Washington Housing Trust Account--State Appropriation.....	<u>(((\$15,372,000))</u>
	<u>\$15,348,000</u>
<b>Prostitution Prevention and Intervention Account—     State Appropriation.....</b>	<u>\$125,000</u>
Public Facility Construction Loan Revolving Account--State Appropriation.....	<u>(((\$755,000))</u>
	<u>\$754,000</u>
<b>TOTAL APPROPRIATION</b> .....	<u>(((\$573,252,000))</u>
	<u>\$560,314,000</u>

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

(1) (((\$2,520,000)) \$2,378,000 of the general fund--state appropriation for fiscal year 2010 and (((\$2,521,000)) \$2,379,000 of the general fund--state appropriation for fiscal year 2011 are provided solely for a contract with the Washington technology center for work essential to the mission of the Washington technology center and conducted in partnership with universities.

(2) Repayments of outstanding loans granted under RCW 43.63A.600, the mortgage and rental assistance program, shall be remitted to the department, including any current revolving account balances. The department shall collect payments on outstanding loans, and deposit them into the state general fund. Repayments of funds owed under the program shall be remitted to the department according to the terms included in the original loan agreements.

(3) \$100,000 of the general fund--state appropriation for fiscal year 2010 and \$100,000 of the general fund--state appropriation for fiscal year 2011 are provided solely to implement section 2(7) of Engrossed Substitute House Bill No. 1959 (land use and transportation planning for marine container ports).

(4) \$102,000 of the building code council account--state appropriation is provided solely for the implementation of sections 3 and 7 of Engrossed Second Substitute Senate Bill No. 5854 (built environment pollution). If sections 3 and 7 of the bill are not enacted by June 30, 2009, the amounts provided in this subsection shall lapse.

(5)(a) \$10,500,000 of the general fund--federal appropriation is provided for training and technical assistance associated with low income weatherization programs. Subject to federal requirements, the department shall provide: (i) Up to \$4,000,000 to the state board for community and technical colleges to provide workforce training related to weatherization and energy efficiency; (ii) up to \$3,000,000 to the Bellingham opportunity council to provide workforce training related to energy efficiency and weatherization; and (iii) up to \$3,500,000 to community-based organizations and to community action agencies consistent with the provisions of Engrossed Second Substitute House Bill No. 2227 (evergreen jobs act). Any funding remaining shall be expended in project 91000013, weatherization, in the omnibus capital appropriations act, Substitute House Bill No. 1216 (capital budget).

(b) \$6,787,000 of the general fund--federal appropriation is provided solely for the state energy program, including not less than

\$5,000,000 to provide credit enhancements consistent with the provisions of Engrossed Second Substitute Senate Bill No. 5649 (energy efficiency in buildings).

(c) Of the general fund--federal appropriation the department shall provide: \$14,500,000 to the Washington State University for the purpose of making grants for pilot projects providing community-wide urban, residential, and commercial energy efficiency upgrades consistent with the provisions of Engrossed Second Substitute Senate Bill No. 5649 (energy efficiency in buildings); \$500,000 to Washington State University to conduct farm energy assessments. In contracting with the Washington State University for the provision of these services, the total administration of Washington State University and the department shall not exceed 3 percent of the amounts provided.

(d) \$38,500,000 of the general fund--federal appropriation is provided for deposit in the energy recovery act account to establish a revolving loan program, consistent with the provisions of Engrossed Substitute House Bill No. 2289 (expanding energy freedom program).

(e) \$10,646,000 of the general fund--federal appropriation is provided pursuant to the energy efficiency and conservation block grant under the American reinvestment and recovery act. The department may use up to \$3,000,000 of the amount provided in this subsection to provide technical assistance for energy programs administered by the agency under the American reinvestment and recovery act.

(6) \$14,000 of the general fund--state appropriation for fiscal year 2010 is provided solely for the implementation of Engrossed Second Substitute Senate Bill No. 5560 (state agency climate leadership). If the bill is not enacted by June 30, 2009, the amount provided in this subsection shall lapse.

(7) \$22,400,000 of the general fund--federal appropriation is provided solely for the justice assistance grant program and is contingent upon the department transferring: \$1,200,000 to the department of corrections for security threat mitigation, \$2,336,000 to the department of corrections for offender reentry, \$1,960,000 to the Washington state patrol for law enforcement activities, \$2,087,000 to the department of social and health services, division of alcohol and substance abuse for drug courts, and \$428,000 to the department of social and health services for sex abuse recognition training. The remaining funds shall be distributed by the department to local jurisdictions.

(8) \$20,000 of the general fund--state appropriation for fiscal year 2010 and \$20,000 of the general fund--state appropriation for fiscal year 2011 are provided solely for a grant to KCTS public television to support Spanish language programming and the V-me Spanish language channel.

(9) \$500,000 of the general fund--state appropriation for fiscal year 2010 and \$500,000 of the general fund--state appropriation for fiscal year 2011 are provided solely for a grant to resolution Washington to building statewide capacity for alternative dispute resolution centers and dispute resolution programs that guarantee that citizens have access to low-cost resolution as an alternative to litigation.

(10) \$30,000 of the general fund--state appropriation for fiscal year 2010 is provided solely for implementation of Engrossed Second Substitute Senate Bill No. 6015 (commercialization of technology). If the bill is not enacted by June 30, 2009, the amount provided in this subsection shall lapse.

(11) By June 30, 2011, the department shall request information that describes what jurisdictions have adopted, or are in the process of adopting, plans that address RCW 36.70A.020 and helps achieve the greenhouse gas emission reductions established in RCW 70.235.020. This information request in this subsection applies to jurisdictions that are required to review and if necessary revise their

comprehensive plans ((by December 1, 2011,)) in accordance with RCW 36.70A.130.

(12) During the 2009-11 fiscal biennium, the department shall allot all of its appropriations subject to allotment by object, account, and expenditure authority code to conform with the office of financial management's definition of an option 2 allotment. For those funds subject to allotment but not appropriation, the agency shall submit option 2 allotments to the office of financial management.

(13) \$50,000 of the general fund--state appropriation for fiscal year 2010 and \$50,000 of the general fund--state appropriation for fiscal year 2011 are provided solely for a grant for the state's participation in the Pacific Northwest economic region.

(14) \$712,000 of the general fund--state appropriation for fiscal year 2010 and \$712,000 of the general fund--state appropriation for fiscal year 2011 are provided solely to the office of crime victims advocacy. These funds shall be contracted with the 39 county prosecuting attorneys' offices to support victim-witness services. The funds must be prioritized to ensure a full-time victim-witness coordinator in each county. The office may retain only the amount currently allocated for this activity for administrative costs.

(15) \$306,000 of the general fund--state appropriation for fiscal year 2010 and \$306,000 of the general fund--state appropriation for fiscal year 2011 are provided solely for a grant to the retired senior volunteer program.

(16) \$65,000 of the general fund--state appropriation for fiscal year 2010 ((and \$65,000 of the general fund--state appropriation for fiscal year 2011 are)) is provided solely for a contract with a food distribution program for communities in the southwestern portion of the state and for workers impacted by timber and salmon fishing closures and reductions. The department may not charge administrative overhead or expenses to the funds provided in this subsection.

(17) \$371,000 of the general fund--state appropriation for fiscal year 2010 and \$371,000 of the general fund--state appropriation for fiscal year 2011 are provided solely to the northwest agriculture business center.

(18) The department shall administer its growth management act technical assistance so that smaller cities receive proportionately more assistance than larger cities or counties. ((Pass-through grants shall continue to be funded under 2007-09 policy.))

(19) \$212,000 of the general fund--federal appropriation is provided solely for implementation of Second Substitute House Bill No. 1172 (development rights transfer). If the bill is not enacted by June 30, 2009, the amount provided in this subsection shall lapse.

(20) \$69,000 of the general fund--state appropriation for fiscal year 2010 and \$66,000 of the general fund--state appropriation for fiscal year 2011 are provided solely for implementation of Engrossed Second Substitute House Bill No. 2227 (evergreen jobs act). If the bill is not enacted by June 30, 2009, the amounts provided in this subsection shall lapse.

(21) \$350,000 of the community development and preservation authority account--state appropriation is provided solely for a grant to a community development authority established under chapter 43.167 RCW. The community preservation and development's board of directors may contract with nonprofit community organizations to aid in mitigating the effects of increased public impact on urban neighborhoods due to events in stadia that have a capacity of over 50,000 spectators.

(22) \$300,000 of the Washington auto theft prevention authority account--state appropriation is provided solely for a contract with a community group to build local community capacity and economic development within the state by strengthening political relationships between economically distressed communities and governmental institutions. The community group shall identify opportunities for collaboration and initiate activities and events that bring community

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organizations, local governments, and state agencies together to address the impacts of poverty, political disenfranchisement, and economic inequality on communities of color. These funds must be matched by other nonstate sources on an equal basis.

(23) \$1,800,000 of the home security fund--state appropriation is provided for transitional housing assistance or partial payments for rental assistance under the independent youth housing program.

(24) \$5,000,000 of the home security fund--state appropriation is provided solely for the operation, repair, and staffing of shelters in the homeless family shelter program.

(25) \$253,000 of the general fund--state appropriation for fiscal year 2010 and \$283,000 of the general fund--state appropriation for fiscal year 2011 are provided solely for the Washington new Americans program.

(26) \$438,000 of the general fund--state appropriation for fiscal year 2010 and \$438,000 of the general fund--state appropriation for fiscal year 2011 are provided solely for the Washington asset building coalitions.

(27) Funding provided to microenterprise development organizations for fiscal year 2011 shall not be reduced by more than ten percent from funding levels in the 2009-11 operating budget.

(28) Within existing resources, the department of commerce shall convene a work group that includes a representative designated by each of the following: The department, the economic development commission, the Washington technology center, the Spokane intercollegiate research and technology institute, the University of Washington center for commercialization and Washington State University's office of economic development and global engagement. To better align the missions of state supported entities conducting commercialization, the work group shall prepare and submit a report to the legislature no later than December 1, 2010, that identifies gaps and overlaps in programs, evaluates strategies to reduce administrative overhead expenses, and recommends changes which would amplify and accelerate innovation-driver job creation in the state.

(29) \$3,231,000 of the general fund--state appropriation for fiscal year 2010 and \$3,231,000 of the general fund--state appropriation for fiscal year 2011 are provided solely for associate development organizations.

(30) \$5,400,000 of the community and economic development fee account is provided as follows: \$1,000,000 is provided solely for the department of commerce for services for homeless families through the Washington families fund; \$2,600,000 is provided solely for housing trust fund operations and maintenance; \$800,000 is provided solely for housing trust fund portfolio management; \$500,000 is provided solely for foreclosure counseling and support; and \$500,000 is provided solely for use as a reserve in the account.

(31)(a) The economic development commission must develop a biennial budget request for approval by the office of financial management. The commission must adopt an annual budget and work plan in accordance with the omnibus appropriations bill approved by the legislature.

(b) Of state appropriated funds for the operation of the commission, the state agency serving as the commission's fiscal agent may use no more than ten percent of funds appropriated for commission personnel costs and no more than three percent of funds in the Washington state economic development commission account to cover administrative expenses.

(c) The commission may accept gifts, grants, donations, sponsorships, or contributions from any federal, state, or local governmental agency or program, or any private source, and expend the same for any purpose consistent with this chapter.

(d) The Washington state economic development commission account is created in the custody of the state treasurer. All receipts from gifts, grants, donations, sponsorships, or contributions must be

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deposited into the account. State appropriated funds may not be deposited into the account. The account is subject to the allotment procedures under chapter 43.88 RCW, but an appropriation is not required for expenditures. Expenditures from the account may be used only for purposes related to carrying out the mission, roles, and responsibilities of the commission. Only the commission, or the commission's designee, may authorize expenditures from the account.

(32) \$250,000 of the general fund--state appropriation for fiscal year 2011 is provided solely for the department to administer a competitive grant program to fund economic development activities designed to further regional cluster growth and to integrate its sector-based and cluster-based strategies with its support for the development of innovation partnership zones. Grant recipients must provide matching funds equal to the size of the grant. Grants may be awarded to support the formation of sector associations or cluster associations, the identification of the technology and commercialization needs of a sector or cluster, facilitating working relationships between a sector association or cluster association and an innovation partnership zone, expanding the operations of an innovation partnership zone, and developing and implementing plans to meet the technology development and commercialization needs of industry sectors, industry clusters, and innovation partnership zones. The projects receiving grants must not duplicate the purpose or efforts of industry skill panels but priority must be given to applicants that complement industry skill panels and will use the grant funds to build linkages and joint projects.

(33) \$100,000 of the general fund--state appropriation for fiscal year 2011 is provided solely to:

(a) Develop a rural manufacturer export outreach program in conjunction with Impact Washington. The program must provide outreach services to rural manufacturers in Washington to inform them of the importance of and opportunities in international trade, and to inform them of the export assistance programs available to assist these businesses to become exporters; and

(b) Develop export loan or loan guarantee programs in conjunction with the Washington economic development finance authority and the appropriate federal and private entities.

(34) \$1,000,000 of the general fund--state appropriation for fiscal year 2011 is provided solely to implement the provisions of chapter 13, Laws of 2010 (global health program).

(35) \$50,000 of the general fund--state appropriation for fiscal year 2011 is provided solely for the creation of the Washington entrepreneurial development and small business reference service in the department of commerce.

(a) The department must:

(i) In conjunction with and drawing on information compiled by the work force training and education coordinating board and the Washington economic development commission:

(A) Establish and maintain an inventory of the public and private entrepreneurial training and technical assistance services, programs, and resources available in the state;

(B) Disseminate information about available entrepreneurial development and small business assistance services, programs, and resources via in-person presentations and electronic and printed materials and undertake other activities to raise awareness of entrepreneurial training and small business assistance offerings; and

(C) Evaluate the extent to which existing entrepreneurial training and technical assistance programs in the state are effective and represent a consistent, integrated approach to meeting the needs of start-up and existing entrepreneurs;

(ii) Assist providers of entrepreneurial development and small business assistance services in applying for federal and private funding to support the entrepreneurial development and small business assistance activities in the state;

(iii) Distribute awards for excellence in entrepreneurial training and small business assistance; and

(iv) Report to the governor, the economic development commission, the work force training and education coordinating board, and the appropriate legislative committees its recommendations for statutory changes necessary to enhance operational efficiencies or enhance coordination related to entrepreneurial development and small business assistance.

(b) In carrying out the duties under this section, the department must seek the advice of small business owners and advocates, the Washington economic development commission, the work force training and education coordinating board, the state board for community and technical colleges, the employment security department, the Washington state microenterprise association, associate development organizations, impact Washington, the Washington quality award council, the Washington technology center, the small business export finance assistance center, the Spokane intercollegiate research and technology institute, representatives of the University of Washington business school and the Washington State University college of business and economics, the office of minority and women's business enterprises, the Washington economic development finance authority, and staff from small business development centers.

(c) The director may appoint an advisory board or convene such other individuals or groups as he or she deems appropriate to assist in carrying out the department's duties under this section.

(36) The investing in innovation account is created in the custody of the state treasurer. Funds may be directed to the account from federal, state, and private sources. Expenditures from the account may be used only to carry out the investing in innovation grants program established under RCW 70.210.030, and other innovation and commercialization purposes consistent with the federal, state, or private and other funding guidelines that apply to the funds deposited in the account. Only the executive director of the Washington technology center or the executive director's designee may authorize expenditures from the account. The account is subject to allotment procedures under chapter 43.88 RCW, but an appropriation is not required for expenditures.

(37) \$50,000 of the general fund--state appropriation for fiscal year 2011 is provided solely for a grant to HistoryLink.

(38) \$50,000 of the general fund--state appropriation for fiscal year 2011 is provided solely for the Washington quality award council created in RCW 43.06.335 to provide training to small manufacturers and other businesses as well as to technical assistance providers from the department of commerce, impact Washington, small business development centers, associate development organizations, and other organizations. The training shall be in continuous quality improvement, performance measurement, strategic planning, and other approaches designed to reduce operating costs, improve effectiveness, and increase productivity in businesses receiving assistance.

(39) \$50,000 of the general fund--state appropriation for fiscal year 2011 is provided solely for the manufacturing innovation and modernization account created in RCW 43.338.030.

**Sec. 128.** 2010 c 3 s 106 (uncodified) is amended to read as follows:

#### FOR THE ECONOMIC AND REVENUE FORECAST COUNCIL

General Fund--State Appropriation (FY 2010).....\$711,000  
General Fund--State Appropriation (FY 2011).....(\$785,000)

\$772,000

TOTAL APPROPRIATION.....(\$1,496,000)  
\$1,483,000

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

council, in its quarterly revenue forecasts, shall forecast the total revenue for the state lottery.

**Sec. 129.** 2010 c 3 s 107 (uncodified) is amended to read as follows:

#### FOR THE OFFICE OF FINANCIAL MANAGEMENT

General Fund--State Appropriation (FY 2010).....	(\$21,599,000)
	\$21,189,000
General Fund--State Appropriation (FY 2011).....	(\$20,670,000)
	\$20,152,000
General Fund--Federal Appropriation.....	(\$23,597,000)
	\$27,103,000
General Fund--Private/Local Appropriation.....	\$1,270,000
State Auditing Services Revolving Account--State Appropriation.....	\$25,000
Economic Development Strategic Reserve Account--State Appropriation.....	(\$280,000)
	\$278,000
<b>TOTAL APPROPRIATION</b> .....	(\$67,441,000)
	\$70,017,000

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

(1) \$188,000 of the general fund--state appropriation for fiscal year 2010 is provided solely for the implementation of Second Substitute Senate Bill No. 5945 (Washington health partnership plan). If the bill is not enacted by June 30, 2009, the amount provided in this subsection shall lapse.

(2) The office of financial management shall conduct a study on alternatives for consolidating or transferring activities and responsibilities of the state lottery commission, state horse racing commission, state liquor control board, and the state gambling commission to achieve cost savings and regulatory efficiencies. In conducting the study, the office of financial management shall consult with the legislative fiscal committees. Further, the office of financial management shall establish an advisory group to include, but not be limited to, representatives of affected businesses, state agencies or entities, local governments, and stakeholder groups. The office of financial management shall submit a final report to the governor and the legislative fiscal committees by November 15, 2009.

(3) (\$500,000 of the general fund--state appropriation for fiscal year 2010 is provided solely for a study of the feasibility of closing state institutional facilities and a plan on eliminating beds in the state institutional facility inventory. The office of financial management shall contract with consultants with expertise related to the subject matters included in this study. The office of financial management and the consultants shall consult with the department of social and health services, the department of corrections, stakeholder groups that represent the people served in these institutions, labor organizations that represent employees who work in these institutions and other persons or entities with expertise in the areas being studied.

(a) For the purposes of this study, "state institutional facilities" means facilities operated by the department of corrections to house persons convicted of a criminal offense, Green Hill school and Maple Lane school operated by the department of social and health services juvenile rehabilitation administration, and residential habilitation centers operated by the department of social and health services.

(b) In conducting this study, the consultants shall consider the following factors as appropriate:

(i) The availability of alternate facilities including alternatives and opportunities for consolidation with other facilities, impacts on those alternate facilities, and any related capital costs;

(ii) The cost of operating the facility, including the cost of providing services and the cost of maintaining or improving the physical plant of the facility;

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(iii) The geographic factors associated with the facility, including the impact of the facility on the local economy and the economic impact of its closure, and alternative uses for a facility recommended for closure;

(iv) The costs associated with closing the facility, including the continuing costs following the closure of the facility;

(v) Number and type of staff and the impact on the facility staff including other employment opportunities if the facility is closed;

(vi) The savings that will accrue to the state from closure or consolidation of a facility and the impact any closure would have on funding the associated services; and

(vii) For the residential habilitation centers, the impact on clients in the facility being recommended for closure and their families, including ability to get alternate services and impact on being moved to another facility.

(e) The office of financial management shall submit a final report to the governor and the ways and means committees of the house of representatives and senate by November 1, 2009. The report shall provide a recommendation and a plan to eliminate 1,580 beds in the department of corrections facilities, 235 beds from juvenile rehabilitation facilities, and 250 funded beds in the residential habilitation centers through closure or consolidation of facilities. The report shall include an assessment of each facility studied, where and how the services should be provided, and any costs or savings associated with each recommendation. In considering the recommendations of the report, the governor and the legislature shall not consider closure of any state institutional facility unless the report recommended the facility for closure.) \$25,000 of the general fund--state appropriation for fiscal year 2011 is provided solely for the office to contract with the Washington state quality award program to provide training for state managers and employees.

(4) \$110,000 of the general fund--state appropriation for fiscal year 2011 is provided solely to implement Second Substitute Senate Bill No. 6578 (multiagency permitting teams). If the bill is not enacted by June 30, 2010, the amount provided in this subsection shall lapse.

(5) The office of financial management shall, with the assistance of the natural resources cabinet as created in executive order 09-07, reduce the number of facilities being leased by the state by consolidating, wherever possible, regional offices and storage facilities of the natural resource agencies. The office of financial management and the natural resources cabinet shall submit a report on the progress of this effort and the associated savings to the appropriate fiscal committees of the legislature no later than December 1, 2010.

(6) \$100,000 of the general fund--state appropriation for fiscal year 2010 and \$100,000 of the general fund--state appropriation for fiscal year 2011 are provided solely for the office of financial management to hire an independent consultant to conduct an assessment. The consultant shall be agreed upon by a wide range of interested stakeholders including organization leaders representing residents of residential habilitation centers. The assessment shall include interviews with all residential habilitation center residents or guardians of residents to determine the optimum setting for these individuals and shall include the option and choice to remain in a residential habilitation center. The assessment shall note when the recommendation of the consultant differs from the choice of the individual. The assessment shall also determine service and placements that are underfunded or underserved in community settings and determine resources and options for funding sources necessary to adequately fund community-based services for people with developmental disabilities. The resulting report will be due to the legislature on December 1, 2010.

(7)(a) \$50,000 of the general fund--state appropriation for fiscal

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year 2010 and \$150,000 of the general fund--state appropriation for fiscal year 2011 are provided solely for the purposes of the office of financial management:

(i) Conducting a technical and financial analysis of the state's plan for the consolidated state data center and office building; and

(ii) Developing a strategic business plan outlining the various options for use of the site that maximize taxpayer value consistent with the terms of the finance lease and related agreements.

(b) The analysis required in (a)(i) of this subsection must consist of, at a minimum, an assessment of the following issues:

(i) The total capital and operational costs for the proposed data center and office building;

(ii) The occupancy rate for the consolidated state data center, as compared to total capacity, that will result in revenue exceeding total capital and operating expenses;

(iii) The potential reallocation of resources that could result from the consolidation of state data centers and office space; and

(iv) The potential return on investment for the consolidated state data center and office building that may be realized without impairing any existing contractual rights under the terms of the financing lease and related agreements.

(c) This review must build upon the analysis and migration strategy for the consolidated state data center being prepared for the department of information services.

(d) The strategic plan must be submitted to the governor and the legislature by December 1, 2010.

(8) Appropriations in this section include amounts sufficient to implement Engrossed Substitute House Bill No. 3178 (technology efficiencies).

**Sec.130.** 2009 c 564 s 131 (uncodified) is amended to read as follows:

#### FOR THE OFFICE OF ADMINISTRATIVE HEARINGS

Administrative Hearings Revolving

Account--State Appropriation.....	(((\$33,473,000))
	\$33,978,000

The appropriation in this section is subject to the following conditions and limitations: \$725,000 of the administrative hearings revolving account--state appropriation is provided solely to implement Engrossed Second Substitute House Bill No. 2782 (security lifeline act). If the bill is not enacted by June 30, 2010, the amount provided in this subsection shall lapse.

**Sec. 131.** 2009 c 564 s 132 (uncodified) is amended to read as follows:

#### FOR THE DEPARTMENT OF PERSONNEL

Department of Personnel Service Account--State

Appropriation.....	(((\$22,025,000))
	\$20,057,000

Higher Education Personnel Services Account--State

Appropriation.....	(((\$1,716,000))
	\$1,578,000

TOTAL APPROPRIATION.....	(((\$23,741,000))
	\$21,635,000

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

(1) The department shall coordinate with the governor's office of Indian affairs on providing the government-to-government training sessions for federal, state, local, and tribal government employees. The training sessions shall cover tribal historical perspectives, legal issues, tribal sovereignty, and tribal governments. Costs of the training sessions shall be recouped through a fee charged to the participants of each session. The department shall be responsible for all of the administrative aspects of the training, including the billing and collection of the fees for the training.

(2) In coordination with efforts under section 119(4) of this act, the department of personnel shall provide, by September 1, 2010, a

synopsis of current and recent survey data regarding employee satisfaction and the department's overall assessment of career and executive workforce management concerns.

**Sec. 132.** 2009 c 564 s 133 (uncodified) is amended to read as follows:

**FOR THE WASHINGTON STATE LOTTERY**

Lottery Administrative Account--State

Appropriation.....	(( <u>\$27,776,000</u> ))
	<u>\$26,777,000</u>

**Sec. 133.** 2009 c 564 s 134 (uncodified) is amended to read as follows:

**FOR THE COMMISSION ON HISPANIC AFFAIRS**

General Fund--State Appropriation (FY 2010).....	(( <u>\$253,000</u> ))
	<u>\$250,000</u>

General Fund--State Appropriation (FY 2011).....	(( <u>\$260,000</u> ))
	<u>\$255,000</u>

TOTAL APPROPRIATION.....	(( <u>\$513,000</u> ))
	<u>\$505,000</u>

**Sec. 134.** 2009 c 564 s 135 (uncodified) is amended to read as follows:

**FOR THE COMMISSION ON AFRICAN-AMERICAN AFFAIRS**

General Fund--State Appropriation (FY 2010).....	\$243,000
General Fund--State Appropriation (FY 2011).....	(( <u>\$244,000</u> ))

TOTAL APPROPRIATION.....	(( <u>\$487,000</u> ))
	<u>\$479,000</u>

**Sec. 135.** 2009 c 564 s 136 (uncodified) is amended to read as follows:

**FOR THE DEPARTMENT OF RETIREMENT SYSTEMS--OPERATIONS**

Department of Retirement Systems Expense

Account--State Appropriation.....	(( <u>\$49,504,000</u> ))
	<u>\$48,332,000</u>

The appropriation in this section is subject to the following conditions and limitations:

(1) \$148,000 of the department of retirement systems--state appropriation is provided solely for the administrative costs associated with implementation of Senate Bill No. 5303 (transferring members of retirement systems). If the bill is not enacted by June 30, 2009, the amount provided in this subsection shall lapse.

(2) \$66,000 of the department of retirement systems expense account--state appropriation is provided for the department of retirement systems to make revisions to various administrative processes as necessary to implement Engrossed Second Substitute Senate Bill No. 5688 (registered domestic partners). If the bill is not enacted by June 30, 2009, the amount provided in this subsection shall lapse.

(3) \$12,000 of the department of retirement systems--state appropriation is provided solely for the administrative costs associated with implementation of Senate Bill No. 5542 or House Bill No. 1678 (minimum disability benefits). If neither bill is enacted by June 30, 2009, the amount provided in this subsection shall lapse.

(4) \$45,000 of the department of retirement systems expense account--state appropriation is provided solely to implement Engrossed Substitute House Bill No. 1445 (Washington state patrol retirement system domestic partners). If the bill is not enacted by June 30, 2009, the amount provided in this subsection shall lapse.

(5) \$45,000 of the department of retirement systems expense account--state appropriation is provided solely to implement Engrossed House Bill No. 1616 (law enforcement officers' and firefighters' retirement system plan 2 domestic partners). If the bill is not enacted by June 30, 2009, the amount provided in this subsection shall lapse.

(6) \$56,000 of the department of retirement systems expense account--state appropriation is provided solely to implement House Bill No. 1548 (military service credit purchases). If the bill is not enacted by June 30, 2009, the amount provided in this subsection shall lapse.

(7) \$35,000 of the department of retirement systems expense account--state appropriation is provided solely to implement Substitute House Bill No. 1953 (department of fish and wildlife enforcement officers' past service credit). If the bill is not enacted by June 30, 2009, the amount provided in this subsection shall lapse.

(8) \$58,000 of the department of retirement systems expense account--state appropriation is provided solely to implement House Bill No. 1541 (plan 2/3 half-time educational employee service credit). If the bill is not enacted by June 30, 2010, the amount provided in this subsection shall lapse.

(9) \$31,000 of the department of retirement systems expense account--state appropriation is provided solely to implement Engrossed House Bill No. 2519 (public safety death benefits). If the bill is not enacted by June 30, 2010, the amount provided in this subsection shall lapse.

**Sec. 136.** 2010 c 3 s 108 (uncodified) is amended to read as follows:

**FOR THE DEPARTMENT OF REVENUE**

General Fund--State Appropriation (FY 2010).....	(( <u>\$108,215,000</u> ))
	<u>\$109,472,000</u>

General Fund--State Appropriation (FY 2011).....	(( <u>\$106,995,000</u> ))
	<u>\$112,319,000</u>

Timber Tax Distribution Account--State

Appropriation.....	(( <u>\$5,904,000</u> ))
	<u>\$5,933,000</u>

Waste Reduction/Recycling/Litter

Control--State Appropriation.....	\$130,000
Waste Tire Removal Account--State Appropriation.....	\$2,000

Real Estate Excise Tax Grant Account--State

Appropriation.....	(( <u>\$1,050,000</u> ))
	<u>\$3,429,000</u>

State Toxics Control Account--State Appropriation.....\$87,000

Oil Spill Prevention Account--State Appropriation.....\$19,000

TOTAL APPROPRIATION.....	(( <u>\$222,402,000</u> ))
	<u>\$231,391,000</u>

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

(1) \$469,000 of the general fund--state appropriation for fiscal year 2010 and \$374,000 of the general fund--state appropriation for fiscal year 2011 are for the implementation of Substitute Senate Bill No. 5368 (annual property revaluation). If the bill is not enacted by June 30, 2009, the amounts in this subsection shall lapse.

(2) \$4,653,000 of the general fund--state appropriation for fiscal year 2010 and ((\$4,424,000)) \$4,242,000 of the general fund--state appropriation for fiscal year 2011 are for the implementation of revenue enhancement strategies. The strategies must include increased out-of-state auditing and compliance, the purchase of third party data sources for enhanced audit selection, and increased traditional auditing and compliance efforts.

(3) \$3,127,000 of the general fund--state appropriation for fiscal year 2010 and \$1,737,000 of the general fund--state appropriation for fiscal year 2011 are for the implementation of Senate Bill No. 6173 (sales tax compliance). If the bill is not enacted by June 30, 2009, the amounts provided in this subsection shall lapse.

(4) \$1,294,000 of the general fund--state appropriation for fiscal year 2010 and \$3,085,000 of the general fund--state appropriation for fiscal year 2011 are for the implementation of Second Engrossed Substitute Senate Bill No. 6143 (excise tax law modifications). If the bill is not enacted by June 30, 2010, the amounts provided in this subsection shall lapse.

(5) \$163,000 of the general fund--state appropriation for fiscal

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year 2011 is provided solely to implement Substitute Senate Bill No. 6846 (enhanced 911 services). If the bill is not enacted by June 30, 2010, the amount provided in this subsection shall lapse.

(6) \$1,200,000 of the general fund--state appropriation for fiscal year 2011 is provided solely for making the necessary preparations for implementation of the working families tax exemption pursuant to RCW 82.08.0206 in 2012.

**Sec. 137.** 2009 c 564 s 138 (uncodified) is amended to read as follows:

**FOR THE STATE INVESTMENT BOARD**

State Investment Board Expense Account--State

Appropriation.....	(( <u>\$29,581,000</u> ))
	<u>\$29,352,000</u>

The appropriation in this section is subject to the following conditions and limitations:

(1) \$2,471,000 of the state investment board expense account--state appropriation is provided solely for development of a risk management information system, with the intent that further expenditures for this project be made only by appropriation.

(2) The state investment board shall include funding for any future salary increases authorized under RCW 43.33A.100 in the agency's budget request submitted in accordance with chapter 43.88 RCW in advance of granting related salary increases. The biennial salary survey required under RCW 43.33A.100 shall also be provided to the office of financial management and to the fiscal committees of the legislature as part of the state investment board's biennial budget submittal, and shall include the total amount of compensation increases proposed, as well as recommended salary ranges.

**Sec. 138.** 2010 c 3 s 109 (uncodified) is amended to read as follows:

**FOR THE BOARD OF TAX APPEALS**

General Fund--State Appropriation (FY 2010).....	(( <u>\$1,342,000</u> ))
	<u>\$1,346,000</u>
General Fund--State Appropriation (FY 2011).....	(( <u>\$1,346,000</u> ))
	<u>\$1,318,000</u>
TOTAL APPROPRIATION.....	(( <u>\$2,688,000</u> ))
	<u>\$2,664,000</u>

**Sec. 139.** 2009 c 564 s 140 (uncodified) is amended to read as follows:

**FOR THE MUNICIPAL RESEARCH COUNCIL**

County Research Services Account--State Appropriation.....	(( <u>\$940,000</u> ))
	<u>\$471,000</u>
City and Town Research Services--State Appropriation.....	(( <u>\$4,515,000</u> ))
	<u>\$2,258,000</u>
TOTAL APPROPRIATION.....	(( <u>\$5,455,000</u> ))
	<u>\$2,729,000</u>

**Sec. 140.** 2009 c 564 s 141 (uncodified) is amended to read as follows:

**FOR THE OFFICE OF MINORITY AND WOMEN'S BUSINESS ENTERPRISES**

OMWBE Enterprises Account--State Appropriation..((\$3,622,000))  
\$3,674,000

**Sec. 141.** 2009 c 564 s 142 (uncodified) is amended to read as follows:

**FOR THE DEPARTMENT OF GENERAL ADMINISTRATION**

General Fund--State Appropriation (FY 2010).....	<u>\$815,000</u>
General Fund--State Appropriation (FY 2011).....	(( <u>\$811,000</u> ))
	<u>\$3,963,000</u>
General Fund--Federal Appropriation.....	(( <u>\$5,738,000</u> ))
	<u>\$2,956,000</u>

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<u>Building Code Council Account--State</u>	
<u>Appropriation.....</u>	<u>\$593,000</u>
<u>General Fund--Private/Local Appropriation.....</u>	<u>\$84,000</u>
General Administration Service Account--State	
<u>Appropriation.....</u>	(( <u>\$35,044,000</u> ))
	<u>\$31,748,000</u>
TOTAL APPROPRIATION.....	(( <u>\$42,408,000</u> ))
	<u>\$40,159,000</u>

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

(1) \$28,000 of the general fund--state appropriation for fiscal year 2010 and \$28,000 of the general fund--state appropriation for fiscal year 2011 are provided solely for the purposes of section 8 of Engrossed Second Substitute Senate Bill No. 5854 (built environment pollution). If section 8 of the bill is not enacted by June 30, 2009, the amounts provided in this subsection shall lapse.

(2) \$3,545,000 of the general fund--state appropriation for fiscal year 2011 is provided solely for the payment of facilities and services charges, utilities and contracts charges, public and historic facilities charges, and capital projects surcharges allocable to the senate, house of representatives, statute law committee, and joint legislative systems committee. The department shall allocate charges attributable to these agencies among the affected revolving funds. The department shall enter into an interagency agreement with these agencies by July 1, 2010, to establish performance standards, prioritization of preservation and capital improvement projects, and quality assurance provisions for the delivery of services under this subsection. The agencies named in this subsection shall continue to enjoy all of the same rights of occupancy, support, and space use on the capitol campus as historically established.

(3) \$84,000 of the general fund--private/local appropriation and \$593,000 of the building code council account--state appropriation are provided solely to implement Engrossed Second Substitute House Bill No. 2658 (refocusing the department of commerce, including transferring programs). If the bill is not enacted by June 30, 2010, the amounts provided in this subsection shall lapse.

**Sec. 142.** 2010 c 3 s 110 (uncodified) is amended to read as follows:

<b>FOR THE DEPARTMENT OF INFORMATION SERVICES</b>	
General Fund--State Appropriation (FY 2010).....	<u>\$1,086,000</u>
General Fund--State Appropriation (FY 2011).....	(( <u>\$1,086,000</u> ))
	<u>\$1,080,000</u>
General Fund--Federal Appropriation.....	<u>\$701,000</u>
General Fund--Private/Local Appropriation.....	<u>\$178,000</u>
Data Processing Revolving Account--State Appropriation.....	(( <u>\$7,824,000</u> ))
	<u>\$7,601,000</u>
TOTAL APPROPRIATION.....	(( <u>\$10,697,000</u> ))
	<u>\$10,646,000</u>

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

(1) \$100,000 of the general fund--state appropriation for fiscal year 2010 and \$100,000 of the general fund--state appropriation for fiscal year 2011 are provided solely for the purposes of Engrossed Second Substitute House Bill No. 1701 (high-speed internet), including expenditure for deposit to the community technology opportunity account. If the bill is not enacted by June 30, 2009, the amounts provided in this subsection shall lapse.

(2) The department shall implement some or all of the following strategies to achieve savings on information technology expenditures through: (a) Holistic virtualization strategies; (b) wide-area network optimization strategies; (c) replacement of traditional telephone communications systems with alternatives; and (d) migration of external voice mail systems to internal voice

mail systems coordinated by the department. The department shall report to the office of financial management and the fiscal committees of the legislature semiannually on progress made towards the implementation of savings strategies and the savings realized to date. No later than June 30, 2011, the department shall submit a final report on its findings and savings realized to the office of financial management and the fiscal committees of the legislature.

(3) \$178,000 of the general fund--private/local appropriation is provided solely for the implementation of the opportunity portal under Second Substitute House Bill No. 2782 (security lifeline act). If the bill is not enacted by June 30, 2010, the amount provided in this subsection shall lapse.

(4) Appropriations in this section include amounts sufficient to implement Engrossed Substitute House Bill No. 3178 (technology efficiencies).

**Sec. 143.** 2009 c 564 s 144 (uncodified) is amended to read as follows:

**FOR THE INSURANCE COMMISSIONER**

General Fund--Federal Appropriation.....	(( <u>\$1,943,000</u> ))
	<u>\$1,939,000</u>
Insurance Commissioners Regulatory Account--State Appropriation.....	(( <u>\$47,978,000</u> ))
	<u>\$48,452,000</u>
TOTAL APPROPRIATION.....	(( <u>\$49,921,000</u> ))
	<u>\$50,391,000</u>

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

(1) \$410,000 of the insurance commissioner's regulatory account appropriation is provided solely to implement Substitute Senate Bill No. 5480 (discount health plans). If the bill is not enacted by June 30, 2009, the amount provided in this subsection shall lapse.

(2) \$598,000 of the insurance commissioner's regulatory account appropriation is provided solely to implement Substitute Senate Bill No. 5195 (life settlements model act). If the bill is not enacted by June 30, 2009, the amount provided in this subsection shall lapse.

(3) \$551,000 of the insurance commissioner's regulatory account appropriation is provided solely to implement Second Substitute Senate Bill No. 5346 (health care administration simplification). If the bill is not enacted by June 30, 2009, the amount provided in this subsection shall lapse.

(4) \$40,000 of the insurance commissioner's regulatory account appropriation is to implement Engrossed Substitute House Bill No. 2560 (joint underwriting associations).

(5) \$227,000 of the insurance commissioner's regulatory account appropriation is provided solely to implement Engrossed Substitute House Bill No. 1714 (association health plans).

**Sec. 144.** 2009 c 564 s 145 (uncodified) is amended to read as follows:

**FOR THE BOARD OF ACCOUNTANCY**

Certified Public Accountants' Account--State

Appropriation.....	(( <u>\$3,016,000</u> ))
	<u>\$3,649,000</u>

The appropriation in this section is subject to the following conditions and limitations: \$150,000 of the certified public accountants' account appropriation is provided solely for the board to contract with a consultant or consultants to conduct an independent investigation. Each consultant must be a governmental entity or an independent firm of legal consultants. Each consultant must be familiar with the administrative procedure act, chapter 34.05 RCW. The consultant or consultants shall produce a report that includes, but is not limited to, an evaluation of the efficiency and effectiveness of the board's practices, policies, and procedures, and an evaluation of the efficacy, economy, and

accountability of merging the board into the department of licensing. The consultant or consultants shall deliver a report to the appropriate committees of the legislature on or before December 1, 2010.

**Sec. 145.** 2009 c 564 s 147 (uncodified) is amended to read as follows:

**FOR THE HORSE RACING COMMISSION**

Horse Racing Commission Operating Account--State

Appropriation.....	(( <u>\$5,123,000</u> ))
	<u>\$4,830,000</u>

The appropriation in this section is subject to the following conditions and limitations: Pursuant to RCW 43.135.055, the commission is authorized to increase licensing fees during the 2009-2011 fiscal biennium as necessary to support the appropriation in this section.

**Sec. 146.** 2009 c 564 s 148 (uncodified) is amended to read as follows:

**FOR THE LIQUOR CONTROL BOARD**

Liquor Control Board Construction and Maintenance

Account--State Appropriation.....	\$8,817,000
Liquor Revolving Account--State Appropriation.....	(( <u>\$200,506,000</u> ))
	<u>\$156,580,000</u>
TOTAL APPROPRIATION.....	(( <u>\$209,323,000</u> ))
	<u>\$165,397,000</u>

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

(1) \$1,306,000 of the liquor revolving account--state appropriation is provided solely for the liquor control board to open five new state stores.

(2) \$40,000 of the liquor revolving account--state appropriation is provided solely for the liquor control board to open ten new contract stores.

(3) \$3,059,000 of the liquor revolving account--state appropriation is provided solely for the liquor control board to increase state and local revenues from new retail strategies including opening nine state stores on Sunday, opening state liquor stores on seven holidays, opening six mall locations during the holiday season, and increasing lottery sales.

(4) \$173,000 of the liquor revolving account--state appropriation is provided solely for the Engrossed House Bill No. 2040 (beer and wine regulation commission). If the bill is not enacted by June 30, 2009, the amount provided in this subsection shall lapse.

(5) \$130,000 of the liquor revolving account appropriation is provided to implement chapter 141, Laws of 2010 (SSB 6329).

(6) Within the amounts appropriated in this section, the liquor control board shall monitor the tasting endorsement authorized by chapter 141, Laws of 2010 (SSB 6329) and report to the appropriate committees of the legislature by June 30, 2011, on the enforcement of the endorsement. The report must include the number of compliance checks conducted by the liquor board during tasting activities, whether the checks were conducted with the knowledge of the licensee, the number of compliance checks passed, the number and type of notices of violation issued, the penalties imposed for the violations, the number of complaints received about tasting activities, and other information related to the enforcement of the endorsement. If the bill is not enacted by June 30, 2010, the requirements of this subsection shall be null and void.

(7) The board shall prepare a plan to transition selected state liquor stores to contract stores. The plan must identify stores for transition that the board determines will result in the greatest efficiency and cost-effectiveness for the state. The plan must provide for the conversion of at least twenty state liquor stores to contract liquor stores and for that conversion to occur between July 1, 2011, and July 1, 2013. The plan must also include an analysis of the revenue generating capacity and costs for the stores before

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and after the conversion as well as an analysis of access to liquor by intoxicated and underage persons. The board shall submit the plan to the appropriate policy and fiscal committees of the legislature by November 1, 2010.

**Sec. 147.** 2009 c 564 s 150 (uncodified) is amended to read as follows:

**FOR THE UTILITIES AND TRANSPORTATION COMMISSION**

General Fund--Federal Appropriation.....	\$267,000
General Fund--Private/Local Appropriation.....	\$5,547,000
Public Service Revolving Account--State Appropriation.....	<u>(((\$31,306,000))</u> \$31,200,000
Pipeline Safety Account--State Appropriation.....	<u>(((\$3,194,000))</u> \$3,187,000
Pipeline Safety Account--Federal Appropriation.....	<u>(((\$1,536,000))</u> \$1,518,000
<b>TOTAL APPROPRIATION</b> .....	<u>(((\$36,936,000))</u> \$41,719,000

The appropriations in this section are subject to the following conditions and limitations: Pursuant to RCW 43.135.055, the commission is authorized to increase solid waste regulatory fees to the extent necessary to raise \$100,000 in fiscal year 2011 for enforcement activities under RCW 81.77.080.

**Sec. 148.** 2010 c 3 s 111 (uncodified) is amended to read as follows:

**FOR THE MILITARY DEPARTMENT**

General Fund--State Appropriation (FY 2010).....	<u>(((\$10,084,000))</u> \$9,350,000
General Fund--State Appropriation (FY 2011).....	<u>(((\$10,190,000))</u> \$8,874,000
General Fund--Federal Appropriation.....	<u>(((\$149,101,000))</u> \$168,599,000
Enhanced 911 Account--State Appropriation.....	<u>(((\$39,598,000))</u> \$44,508,000
Disaster Response Account--State Appropriation.....	<u>(((\$28,194,000))</u> \$28,350,000
Disaster Response Account--Federal Appropriation.....	<u>(((\$91,263,000))</u> \$114,496,000
Military Department Rent and Lease Account--State Appropriation.....	<u>(((\$615,000))</u> \$612,000
Military Department Active State Service Account--Federal Appropriation.....	<u>(((\$200,000))</u> \$592,000
Worker and Community Right-to-Know Account--State Appropriation.....	\$341,000
Nisqually Earthquake Account--State Appropriation.....	<u>(((\$144,000))</u> \$307,000
Nisqually Earthquake Account--Federal Appropriation.....	<u>(((\$856,000))</u> \$1,067,000
<b>TOTAL APPROPRIATION</b> .....	<u>(((\$330,586,000))</u> \$377,096,000

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

(1) (((\$28,194,000)) **\$28,326,000** of the disaster response account--state appropriation and (((\$91,263,000)) **\$114,496,000** of the disaster response account--federal appropriation may be spent only on disasters declared by the governor and with the approval of the office of financial management. The military department shall submit a report ((quarterly)) to the office of financial management and the legislative fiscal committees on October 1st and February 1st of each year detailing information on the disaster response account, including: (a) The amount and type of deposits into the account; (b) the current available fund balance as of the reporting

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date; and (c) the projected fund balance at the end of the 2009-2011 biennium based on current revenue and expenditure patterns.

(2) (((\$144,000)) **\$307,000** of the Nisqually earthquake account--state appropriation and (((\$856,000)) **\$1,067,000** of the Nisqually earthquake account--federal appropriation are provided solely for response and recovery costs associated with the February 28, 2001, earthquake. The military department shall submit a report ((quarterly)) to the office of financial management and the legislative fiscal committees on October 1st and February 1st of each year detailing earthquake recovery costs, including: (a) Estimates of total costs; (b) incremental changes from the previous estimate; (c) actual expenditures; (d) estimates of total remaining costs to be paid; and (e) estimates of future payments by biennium. This information shall be displayed by fund, by type of assistance, and by amount paid on behalf of state agencies or local organizations. The military department shall also submit a report quarterly to the office of financial management and the legislative fiscal committees detailing information on the Nisqually earthquake account, including: (a) The amount and type of deposits into the account; (b) the current available fund balance as of the reporting date; and (c) the projected fund balance at the end of the 2009-2011 biennium based on current revenue and expenditure patterns.

(3) \$85,000,000 of the general fund--federal appropriation is provided solely for homeland security, subject to the following conditions:

(a) Any communications equipment purchased by local jurisdictions or state agencies shall be consistent with standards set by the Washington state interoperability executive committee; and

(b) The department shall submit ((a quarterly)) an annual report to the office of financial management and the legislative fiscal committees detailing the governor's domestic security advisory group recommendations; homeland security revenues and expenditures, including estimates of total federal funding for the state; and incremental changes from the previous estimate, planned and actual homeland security expenditures by the state and local governments with this federal funding, and matching or accompanying state or local expenditures; and

(c) The department shall submit a report by December 1st of each year to the office of financial management and the legislative fiscal committees detailing homeland security revenues and expenditures for the previous fiscal year by county and legislative district).

(4) \$500,000 of the general fund--state appropriation for fiscal year 2010 ((and \$500,000 of the general fund--state appropriation for fiscal year 2011 are)) is provided solely for the military department to contract with the Washington information network 2-1-1 to operate a statewide 2-1-1 system. The department shall provide the entire amount for 2-1-1 and ((shall)) may not use any of the funds for administrative purposes.

**Sec. 149.** 2009 c 564 s 149 (uncodified) is amended to read as follows:

**FOR THE BOARD FOR VOLUNTEER FIREFIGHTERS**

Volunteer Firefighters' and Reserve Officers'

Administrative  
Appropriation.....

Account--State  
(((\$1,044,000)))  
\$1,052,000

**Sec. 150.** 2009 c 564 s 152 (uncodified) is amended to read as follows:

**FOR THE PUBLIC EMPLOYMENT RELATIONS COMMISSION**

General Fund--State Appropriation (FY 2010).....

(((\$3,128,000)))  
\$2,667,000

General Fund--State Appropriation (FY 2011).....

(((\$3,130,000)))  
\$2,635,000

Higher Education Personnel Services Account--State

<u>Appropriation.....</u>	<u>\$250,000</u>
Department of Personnel Service Account--State	
Appropriation.....	<u>(((\$3,290,000)))</u>
	<u>\$3,263,000</u>

TOTAL APPROPRIATION.....	<u>(((\$9,548,000)))</u>
	<u>\$8,815,000</u>

The appropriations in this section are subject to the following conditions and limitations: \$50,000 of the general fund--state appropriation for fiscal year 2011 is provided solely for implementation of Engrossed Substitute Senate Bill No. 6726 (language access provider bargaining).

**Sec. 151.** 2010 c 3 s 112 (uncodified) is amended to read as follows:

**FOR THE DEPARTMENT OF ARCHAEOLOGY AND HISTORIC PRESERVATION**

General Fund--State Appropriation (FY 2010).....	<u>\$1,371,000</u>
General Fund--State Appropriation (FY 2011).....	<u>(((\$1,349,000)))</u>
	<u>\$1,382,000</u>
General Fund--Federal Appropriation.....	<u>(((\$1,653,000)))</u>
	<u>\$2,293,000</u>

General Fund--Private/Local Appropriation.....	<u>\$14,000</u>
TOTAL APPROPRIATION.....	<u>(((\$4,387,000)))</u>
	<u>\$5,060,000</u>

The appropriations in this section are subject to the following conditions and limitations: \$44,000 of the general fund--state appropriation for fiscal year 2011 is provided for implementation of Substitute House Bill No. 2704 (Washington main street program). If the bill is not enacted by June 30, 2010, the amount provided in this subsection shall lapse.

**Sec. 152.** 2010 c 3 s 113 (uncodified) is amended to read as follows:

**FOR THE GROWTH MANAGEMENT HEARINGS BOARD**

General Fund--State Appropriation (FY 2010).....	<u>(((\$1,623,000)))</u>
	<u>\$1,642,000</u>
General Fund--State Appropriation (FY 2011).....	<u>(((\$1,549,000)))</u>
	<u>\$1,424,000</u>

TOTAL APPROPRIATION.....	<u>(((\$3,172,000)))</u>
	<u>\$3,066,000</u>

The appropriations in this section are subject to the following conditions and limitations: \$13,000 of the general fund--state appropriation for fiscal year 2011 is provided solely for Substitute House Bill No. 2935 (hearings boards/environment and land use). If the bill is not enacted by June 30, 2010, the amount provided in this subsection shall lapse.

**Sec. 153.** 2009 c 564 s 155 (uncodified) is amended to read as follows:

**FOR THE STATE CONVENTION AND TRADE CENTER**

State Convention and Trade Center Account--State	
Appropriation.....	<u>\$60,127,000</u>
State Convention and Trade Center Operating	
Account--State Appropriation.....	<u>(((\$56,995,000)))</u>
	<u>\$56,694,000</u>
TOTAL APPROPRIATION.....	<u>(((\$117,122,000)))</u>
	<u>\$116,821,000</u>

(End of part)

**PART II**  
**HUMAN SERVICES**

**Sec. 201.** 2009 c 564 s 201 (uncodified) is amended to read as follows:

**FOR THE DEPARTMENT OF SOCIAL AND HEALTH SERVICES.** (1) Appropriations made in this act to the department of social and health services shall initially be allotted as required by this act. Subsequent allotment modifications shall not include

transfers of moneys between sections of this act except as expressly provided in this act, nor shall allotment modifications permit moneys that are provided solely for a specified purpose to be used for other than that purpose.

(2) The department of social and health services shall not initiate any services that require expenditure of state general fund moneys unless expressly authorized in this act or other law. The department may seek, receive, and spend, under RCW 43.79.260 through 43.79.282, federal moneys not anticipated in this act as long as the federal funding does not require expenditure of state moneys for the program in excess of amounts anticipated in this act. If the department receives unanticipated unrestricted federal moneys, those moneys shall be spent for services authorized in this act or in any other legislation providing appropriation authority, and an equal amount of appropriated state general fund moneys shall lapse. Upon the lapsing of any moneys under this subsection, the office of financial management shall notify the legislative fiscal committees. As used in this subsection, "unrestricted federal moneys" includes block grants and other funds that federal law does not require to be spent on specifically defined projects or matched on a formula basis by state funds.

(3) The appropriations to the department of social and health services in this act shall be expended for the programs and in the amounts specified in this act.

(4) The department is authorized to develop an integrated health care program designed to slow the progression of illness and disability and better manage medicaid expenditures for the aged and disabled population. Under this Washington medicaid integration partnership (WMIP), the department may combine and transfer such medicaid funds appropriated under sections 204, 206, 208, and 209 of this act as may be necessary to finance a unified health care plan for the WMIP program enrollment. The WMIP pilot projects shall not exceed a daily enrollment of 6,000 persons, nor expand beyond one county, during the 2009-2011 biennium. The amount of funding assigned to the pilot projects from each program may not exceed the average per capita cost assumed in this act for individuals covered by that program, actuarially adjusted for the health condition of persons enrolled in the pilot project, times the number of clients enrolled in the pilot project. In implementing the WMIP pilot projects, the department may: (a) Withhold from calculations of "available resources" as set forth in RCW 71.24.025 a sum equal to the capitated rate for individuals enrolled in the pilots; and (b) employ capitation financing and risk-sharing arrangements in collaboration with health care service contractors licensed by the office of the insurance commissioner and qualified to participate in both the medicaid and medicare programs. The department shall conduct an evaluation of the WMIP, measuring changes in participant health outcomes, changes in patterns of service utilization, participant satisfaction, participant access to services, and the state fiscal impact.

(5)(a) The appropriations to the department of social and health services in this act shall be expended for the programs and in the amounts specified in this act. However, after May 1, 2010, unless specifically prohibited by this act, the department may transfer general fund--state appropriations for fiscal year 2010 among programs after approval by the director of financial management. However, the department shall not transfer state moneys that are provided solely for a specified purpose except as expressly provided in (b) of this subsection.

(b) To the extent that transfers under (a) of this subsection are insufficient to fund actual expenditures in excess of fiscal year 2010 caseload forecasts and utilization assumptions in the medical assistance, long-term care, foster care, adoptions support, and child support programs, the department may transfer state moneys that are provided solely for a specified purpose. The department shall not transfer funds, and the director of financial management shall not

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approve the transfer, unless the transfer is consistent with the objective of conserving, to the maximum extent possible, the expenditure of state funds. The director of financial management shall notify the appropriate fiscal committees of the senate and house of representatives in writing seven days prior to approving any allotment modifications or transfers under this subsection. The written notification shall include a narrative explanation and justification of the changes, along with expenditures and allotments by budget unit and appropriation, both before and after any allotment modifications or transfers.

(6) The legislature finds that medicaid payment rates, as calculated by the department pursuant to the appropriations in this act, bear a reasonable relationship to the costs incurred by efficiently and economically operated facilities for providing quality services and will be sufficient to enlist enough providers so that care and services are available to the extent that such care and services are available to the general population in the geographic area. The legislature finds that cost reports, payment data from the federal government, historical utilization, economic data, and clinical input constitute reliable data upon which to determine the payment rates. (7) With the objective of improving and enhancing the efficiency and effectiveness of the audit and oversight program, the department shall identify streamlining opportunities in the areas described in (a) through (d) of this subsection. The goals of these activities are to leverage department resources to better fulfill the obligations of all aspects of audit and oversight programs in an era of resource constraints and to assure that the burden of audits and other oversight activities on the state's businesses, organizations, and individuals is as minimal as practical.

(a) The department shall complete an assessment of expanding the use of technology and automated data matches for identification and recovery of third party resources, including data matches with pharmacy benefit managers (PBM). The department shall submit a report to the governor and the relevant fiscal and policy committees of the legislature by September 1, 2010, that identifies resources needed to implement the enhanced data matching capability and the actions and timelines necessary for implementation of automated production data matching capability.

(b) The department shall complete a comprehensive review of multiple licensing and certification reviews, onsite surveys, and contract oversight obligations that require provider site visits or require provider response. The department shall identify all related oversight and review activities and identify opportunities for consolidation of multiple clinical and business management review activities as appropriate with a view to minimizing the cost of both conducting and receiving the audits or other review or oversight activities.

(c) The department shall expand its provider audit capacity through its provider one payment system. The department shall identify medicaid payment system enhancements that will maximize new technical capabilities. The department shall explore new technical capabilities of its fraud and abuse detection system to identify more efficient ways to correlate audit efforts to the levels of risk and materiality. Results of focused audits must be used to enhance educational materials. The department shall report to the governor and legislature by December 1, 2010, on the status of developing this audit capacity.

(d) The department shall conduct a review and assessment of audit processes and timeframes. The department shall review audit outcomes from the past three fiscal years and will concentrate on identifying opportunities to shorten timeframes between the various stages of an audit, including the letter of intent to audit, records collection to issuance of the draft audit, dispute resolution activities, issuance of the final audit, and administrative hearings. The department shall initiate a provider outreach and education program

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to include communication materials that clearly identify expectations of the department and the provider being audited. The department must develop and publish an orientation to medicaid audits publication by October 1, 2010, that includes audit requirements, expectations of providers and the department, and associated timelines. The department shall report to the governor and relevant policy and fiscal committees of the legislature by December 1, 2010, on the status of these activities.

Sec. 202. 2010 c 3 s 201 (uncodified) is amended to read as follows:

### FOR THE DEPARTMENT OF SOCIAL AND HEALTH SERVICES--CHILDREN AND FAMILY SERVICES PROGRAM

General Fund--State Appropriation (FY 2010).....	<u>(((\$314,698,000))</u>
	<u>\$315,002,000</u>
General Fund--State Appropriation (FY 2011).....	<u>(((\$316,181,000))</u>
	<u>\$306,947,000</u>
General Fund--Federal Appropriation.....	<u>(((\$494,889,000))</u>
	<u>\$506,248,000</u>
General Fund--Private/Local Appropriation.....	<u>(((\$828,000))</u>
	<u>\$3,320,000</u>
Home Security Fund Appropriation.....	<u>(((\$8,389,000))</u>
	<u>\$10,183,000</u>
Domestic Violence Prevention Account--State Appropriation.....	<u>\$1,154,000</u>
Education Legacy Trust Account--State Appropriation....	<u>\$725,000</u>
TOTAL APPROPRIATION.....	<u>(((\$1,136,864,000))</u>
	<u>\$1,143,579,000</u>

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

(1) (((\$5,563,000 of the general fund state appropriation for fiscal year 2010 and \$5,563,000 of the general fund state appropriation for fiscal year 2011 are provided solely for intensive family preservation services as defined in RCW 74.14C.010 and for evidence based services that prevent out of home placement and reduce length of stay in the child welfare system.

((2) \$993,000)) \$937,000 of the general fund-state appropriation for fiscal year 2010 and (((\$993,000)) \$742,000 of the general fund--state appropriation for fiscal year 2011 are provided solely to contract for the operation of one pediatric interim care facility. The facility shall provide residential care for up to ((seventeen)) thirteen children through two years of age. Seventy-five percent of the children served by the facility must be in need of special care as a result of substance abuse by their mothers. The facility shall also provide on-site training to biological, adoptive, or foster parents. The facility shall provide at least three months of consultation and support to parents accepting placement of children from the facility. The facility may recruit new and current foster and adoptive parents for infants served by the facility. The department shall not require case management as a condition of the contract.

((3) \$375,000)) (2) \$369,000 of the general fund--state appropriation for fiscal year 2010, (((\$375,000)) \$366,000 of the general fund--state appropriation for fiscal year 2011, and (((\$322,000)) \$316,000 of the general fund--federal appropriation are provided solely for up to three nonfacility-based programs for the training, consultation, support, and recruitment of biological, foster, and adoptive parents of children through age three in need of special care as a result of substance abuse by their mothers, except that each program may serve up to three medically fragile nonsubstance-abuse-affected children. In selecting nonfacility-based programs, preference shall be given to programs whose federal or private funding sources have expired or that have successfully performed under the existing pediatric interim care program.

((4)) (3) \$2,500,000 of the general fund--state appropriation for fiscal year 2010 and ((\$2,500,000)) \$93,000 of the general fund--state appropriation for fiscal year 2011, and \$2,407,000 of the home security fund--state appropriation are provided solely for secure crisis residential centers. Within appropriated amounts, the department shall collaborate with providers to maintain no less than forty-five beds that are geographically representative of the state. The department shall examine current secure crisis residential staffing requirements, flexible payment options, center specific waivers, and other appropriate methods to accomplish this outcome.

((5)) (4) A maximum of ((\$76,831,000)) \$73,209,000 of the general fund--state appropriations and ((\$56,901,000)) \$54,596,000 of the general fund--federal appropriations for the 2009-11 biennium shall be expended for behavioral rehabilitative services and these amounts are provided solely for this purpose. The department shall work with behavioral rehabilitative service providers to safely keep youth with emotional, behavioral, or medical needs at home, with relatives, or with other permanent placement resources and decrease the length of ((stay)) service through improved emotional, behavioral, or medical outcomes for children in behavioral rehabilitative services in order to achieve the appropriated levels.

(a) Contracted providers shall act in good faith and accept the hardest to ((place)) serve children, to the greatest extent possible, in order to improve their emotional, behavioral, or medical conditions.

(b) The department and the contracted provider shall mutually agree and establish an exit date for when the child is to exit the behavioral rehabilitative service provider. The department and the contracted provider should mutually agree, to the greatest extent possible, on a viable placement for the child to go to once the child's treatment process has been completed. The child shall exit only when the emotional, behavioral, or medical condition has improved or if the provider has not shown progress toward the outcomes specified in the signed contract at the time of exit. This subsection (b) does not prevent or eliminate the department's responsibility for removing the child from the provider if the child's emotional, behavioral, or medical condition worsens or is threatened.

(c) The department is encouraged to use performance-based contracts with incentives directly tied to outcomes described in this section. The contracts should incentivize contracted providers to accept the hardest to ((place)) serve children and incentivize improvement in children's emotional, mental, and medical well-being within the established exit date. The department is further encouraged to increase the use of behavioral rehabilitative service group homes, wrap around services to facilitate and support placement of youth at home with relatives, or other permanent resources, and other means to control expenditures.

(d) The total foster care per capita amount shall not increase more than four percent in the 2009-11 biennium and shall not include behavioral rehabilitative service.

((6)) (5) Within amounts provided for the foster care and adoption support programs, the department shall control reimbursement decisions for foster care and adoption support cases such that the aggregate average cost per case for foster care and for adoption support does not exceed the amounts assumed in the projected caseload expenditures.

((7)) Within amounts appropriated in this section,) (6) \$14,460,000 of the general fund--state appropriation for fiscal year 2011 and \$6,231,000 of the general fund--federal appropriation are provided solely for the department to provide contracted prevention and early intervention services. The legislature recognizes the need for flexibility as the department transitions to performance-based contracts. The following services are included in the prevention and early intervention block grant: Crisis family intervention services, family preservation services, intensive family preservation services, evidence-based programs, public health nurses, and early

family support services. The legislature intends for the department to maintain and build on existing evidence-based and research-based programs with the goal of utilizing contracted prevention and intervention services to keep children safe at home and to safely reunify families. Priority shall be given to proven intervention models, including evidence-based prevention and early intervention programs identified by the Washington state institute for public policy and the department. The department shall include information on the number, type, and outcomes of the evidence-based programs being implemented in its reports on child welfare reform efforts and shall provide the legislature and governor a report regarding the allocation of resources in this subsection by September 30, 2010. The department shall expend federal funds under this subsection in compliance with federal regulations.

((8)) (7) \$36,000 of the general fund--state appropriation for fiscal year 2010, ((\$37,000)) \$36,000 of the general fund--state appropriation for fiscal year 2011, and ((\$32,000)) \$31,000 of the general fund--federal appropriation are provided solely for the implementation of chapter 465, Laws of 2007 (child welfare).

((9)) (8) \$125,000 of the general fund--state appropriation for fiscal year 2010 and \$125,000 of the general fund--state appropriation for fiscal year 2011 are provided solely for continuum of care services. \$100,000 of this amount is for Casey family partners and \$25,000 of this amount is for volunteers of America crosswalk in fiscal year 2010. \$100,000 of this amount is for Casey family partners and \$25,000 of this amount is for volunteers of America crosswalk in fiscal year 2011.

((10)) (9) \$1,904,000 of the general fund--state appropriation for fiscal year 2010, ((\$616,000)) \$1,832,000 of the general fund--state appropriation for fiscal year 2011, and ((\$368,000)) \$357,000 of the general fund--federal appropriation are provided solely to contract with medical professionals for comprehensive safety assessments of high-risk families and for foster care assessments. The safety assessments will use validated assessment tools to guide intervention decisions through the identification of additional safety and risk factors. ((\$800,000 of this amount is for)) The department will maintain the availability of comprehensive foster care assessments and follow up services for children in out-of-home care who do not have permanent plans, comprehensive safety assessments for families receiving in-home child protective services or family voluntary services((\$800,000 of this amount is for)), and comprehensive safety assessments ((for)) families with an infant age birth to fifteen days where the infant was, at birth, diagnosed as substance exposed and the department received an intake referral related to the infant due to the substance exposure. The department must consolidate contracts, streamline administration, and explore efficiencies to achieve savings.

((11)) (10) \$7,679,000 of the general fund--state appropriation for fiscal year 2010, ((\$7,711,000)) \$6,643,000 of the general fund--state appropriation for fiscal year 2011, and ((\$5,177,000)) \$4,971,000 of the general fund--federal appropriation are provided solely for court-ordered supervised visits between parents and dependent children and for sibling visits. The department shall work collaboratively with the juvenile dependency courts and revise the supervised visit reimbursement procedures to stay within appropriations without impeding reunification outcomes between parents and dependent children. The department shall report to the legislative fiscal committees ((quarterly)) on September 30, 2010, and December 30, 2010, the number of children in foster care who receive supervised visits, their frequency, length of time of each visit, and whether reunification is attained.

((12)) (11) \$145,000 of the general fund--state appropriation for fiscal year 2010, \$871,000 of the general fund--state appropriation for fiscal year 2011, and \$773,000 of the

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home security fund--state appropriation is provided solely for street youth program services.

~~((+2)) \$1,584,000)~~ (12) \$1,522,000 of the general fund--state appropriation for fiscal year 2010, ~~((1,584,000))~~ \$1,340,000 of the general fund--state appropriation for fiscal year 2011, and ~~((1,586,000))~~ \$1,464,000 of the general fund--federal appropriation are provided solely for the department to recruit foster parents. The recruitment efforts shall include collaborating with community-based organizations and current or former foster parents to recruit foster parents.

~~((+4))~~ (13) \$493,000 of the general fund--state appropriation for fiscal year 2010, \$303,000 of the general fund--state appropriation for fiscal year 2011, \$466,000 of the general fund--private/local appropriation, and \$725,000 of the education legacy trust account--state appropriation ((is)) are provided solely for children's administration to contract with an educational advocacy provider with expertise in foster care educational outreach. Funding is provided solely for contracted education coordinators to assist foster children in succeeding in K-12 and higher education systems. Funding shall be prioritized to regions with high numbers of foster care youth and/or regions where backlogs of youth that have formerly requested educational outreach services exist. The department shall utilize private matching funds to maintain educational advocacy services.

~~((+5)) \$1,300,000)~~ (14) \$1,677,000 of the home security fund account--state appropriation is provided solely for HOPE beds.

~~((+6)) \$5,300,000)~~ (15) \$5,193,000 of the home security fund account--state appropriation is provided solely for the crisis residential centers.

~~((+7))~~ (16) The appropriations in this section reflect reductions in the appropriations for the children's administration administrative expenses. It is the intent of the legislature that these reductions shall be achieved, to the greatest extent possible, by reducing those administrative costs that do not affect direct client services or direct service delivery or programs.

~~((+8))~~ (17) Within the amounts appropriated in this section, the department shall contract for a pilot project with family and community networks in Whatcom county and up to four additional counties to provide services. The pilot project shall be designed to provide a continuum of services that reduce out-of-home placements and the lengths of stay for children in out-of-home placement. The department and the community networks shall collaboratively select the additional counties for the pilot project and shall collaboratively design the contract. Within the framework of the pilot project, the contract shall seek to maximize federal funds. The pilot project in each county shall include the creation of advisory and management teams which include members from neighborhood-based family advisory committees, residents, parents, youth, providers, and local and regional department staff. The Whatcom county team shall facilitate the development of outcome-based protocols and policies for the pilot project and develop a structure to oversee, monitor, and evaluate the results of the pilot projects. The department shall report the costs and savings of the pilot project to the appropriate committees of the legislature by November 1 of each year.

~~((+9))~~ (18) \$157,000 of the general fund--state appropriation for fiscal year 2010 and \$157,000 of the general fund--state appropriation for fiscal year 2011 are provided solely for the department to contract with a nonprofit entity for a reunification pilot project in Whatcom and Skagit counties. The contract for the reunification pilot project shall include a rate of \$46.16 per hour for evidence-based interventions, in combination with supervised visits, to provide 3,564 hours of services to reduce the length of stay for children in the child welfare system. The contract shall also include evidence-based intensive parenting skills building services

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and family support case management services for 38 families participating in the reunification pilot project. The contract shall include the flexibility for the nonprofit entity to subcontract with trained providers.

~~((+20))~~ (19) \$303,000 of the general fund--state appropriation for fiscal year 2010, \$418,000 of the general fund--state appropriation for fiscal year 2011, and \$257,000 of the general fund--federal appropriation are provided solely to implement Engrossed Substitute House Bill No. 1961 (increasing adoptions act). If the bill is not enacted by June 30, 2009, the amounts provided in this subsection shall lapse.

~~((+21))~~ (20) \$98,000 of the general fund--state appropriation for fiscal year 2010 and ~~((100,000))~~ \$98,000 of the general fund--state appropriation for fiscal year 2011 are provided solely for the department to contract with an agency that is working in partnership with, and has been evaluated by, the University of Washington school of social work to implement promising practice constellation hub models of foster care support.

~~((+22))~~ (21) The legislature intends for the department to reduce the time a child remains in the child welfare system. The department shall establish a measurable goal and report progress toward meeting that goal to the legislature by January 15 of each fiscal year of the 2009- 11 fiscal biennium. To the extent that actual caseloads exceed those assumed in this section, it is the intent of the legislature to address those issues in a manner similar to all other caseload programs.

~~((+22))~~ (22) \$715,000 of the general fund--state appropriation for fiscal year 2010 and \$715,000 of the general fund--state appropriation for fiscal year 2011 are provided solely for services provided through children's advocacy centers.

~~((+23))~~ (23) \$11,000 of the general fund--state appropriation for fiscal year 2011 and \$3,000 of the general fund--federal appropriation are provided solely for implementation of chapter 224, Laws of 2010 (confinement alternatives). If the bill is not enacted by June 30, 2010, the amounts provided in this subsection shall lapse.

~~((+24))~~ (24) \$1,867,000 of the general fund--state appropriation for fiscal year 2010, \$1,790,000 of the general fund--state appropriation for fiscal year 2011, and \$4,673,000 of the general fund--federal appropriation are provided solely for the department to contract for medicaid treatment child care (MTCC) services. Children's administration case workers, local public health nurses and case workers from the temporary assistance for needy families program shall refer children to MTCC services, as long as the children meet the eligibility requirements as outlined in the Washington state plan for the MTCC services.

~~((+25))~~ (25) The department shall contract for at least one pilot project with adolescent services providers to deliver a continuum of short-term crisis stabilization services. The pilot project shall include adolescent services provided through secure crisis residential centers, crisis residential centers, and hope beds. The department shall work with adolescent service providers to maintain availability of adolescent services and maintain the delivery of services in a geographically representative manner. The department shall examine current staffing requirements, flexible payment options, center-specific licensing waivers, and other appropriate methods to achieve savings and streamline the delivery of services. The legislature intends for the pilot project to provide flexibility to the department to improve outcomes and to achieve more efficient utilization of existing resources, while meeting the statutory goals of the adolescent services programs. The department shall provide an update to the appropriate legislative committees and governor on the status of the pilot project implementation by December 1, 2010.

~~((+26))~~ (26) To ensure expenditures remain within available funds appropriated in this section as required by RCW 74.13A.005 and

74.13A.020, the secretary shall not set the amount of any adoption assistance payment or payments, made pursuant to RCW 26.33.320 and 74.13A.005 through 74.13A.080, to more than ninety percent of the foster care maintenance payment for that child had he or she remained in a foster family home during the same period. This subsection does not apply to adoption assistance agreements in existence on the effective date of this section.

(27) Receipts from fees per chapter 289, Laws of 2010, as deposited into the prostitution prevention and intervention account for services provided to sexually exploited children as defined in RCW 13.32A.030 in secure and semi-secure crisis residential centers with access to staff trained to meet their specific needs shall be used to expand capacity for secure crisis residential centers and not supplant existing funding.

**Sec. 203.** 2010 c 3 s 202 (uncodified) is amended to read as follows:

<b>FOR THE DEPARTMENT OF SOCIAL AND HEALTH SERVICES--JUVENILE REHABILITATION PROGRAM</b>	
General Fund--State Appropriation (FY 2010).....	(( <u>\$104,185,000</u> )
	<u>\$103,437,000</u>
General Fund--State Appropriation (FY 2011).....	(( <u>\$92,392,000</u> )
	<u>\$97,761,000</u>
General Fund--Federal Appropriation.....	(( <u>\$6,565,000</u> )
	<u>\$1,715,000</u>
General Fund--Private/Local Appropriation.....	(( <u>\$1,900,000</u> )
	<u>\$1,899,000</u>
Washington Auto Theft Prevention Authority Account--	
State Appropriation.....	<u>\$3,896,000</u>
Juvenile Accountability Incentive Account--Federal	
Appropriation.....	(( <u>\$2,801,000</u> )
	<u>\$2,805,000</u>
<u>State Efficiency and Restructuring Account—State</u>	
Appropriation.....	<u>\$4,958,000</u>
TOTAL APPROPRIATION.....	(( <u>\$211,739,000</u> )
	<u>\$216,471,000</u>

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

(1) \$353,000 of the general fund--state appropriation for fiscal year 2010 and \$353,000 of the general fund--state appropriation for fiscal year 2011 are provided solely for deposit in the county criminal justice assistance account for costs to the criminal justice system associated with the implementation of chapter 338, Laws of 1997 (juvenile code revisions). The amounts provided in this subsection are intended to provide funding for county adult court costs associated with the implementation of chapter 338, Laws of 1997 and shall be distributed in accordance with RCW 82.14.310.

(2) ((\$3,578,000)) \$3,408,000 of the general fund--state appropriation for fiscal year 2010 and ((\$3,578,000)) \$2,898,000 of the general fund--state appropriation for fiscal year 2011 are provided solely for the implementation of chapter 338, Laws of 1997 (juvenile code revisions). The amounts provided in this subsection are intended to provide funding for county impacts associated with the implementation of chapter 338, Laws of 1997 and shall be distributed to counties as prescribed in the current consolidated juvenile services (CJS) formula.

(3) \$3,716,000 of the general fund--state appropriation for fiscal year 2010 and \$3,716,000 of the general fund--state appropriation for fiscal year 2011 are provided solely to implement community juvenile accountability grants pursuant to chapter 338, Laws of 1997 (juvenile code revisions). Funds provided in this subsection may be used solely for community juvenile accountability grants, administration of the grants, and evaluations of programs funded by the grants.

(4) ((\$1,506,000)) \$1,427,000 of the general fund--state appropriation for fiscal year 2010 and ((\$1,506,000)) \$1,206,000 of the general fund--state appropriation for fiscal year 2011 are

provided solely to implement alcohol and substance abuse treatment programs for locally committed offenders. The juvenile rehabilitation administration shall award these moneys on a competitive basis to counties that submitted a plan for the provision of services approved by the division of alcohol and substance abuse. The juvenile rehabilitation administration shall develop criteria for evaluation of plans submitted and a timeline for awarding funding and shall assist counties in creating and submitting plans for evaluation.

(5) \$3,066,000 of the general fund--state appropriation for fiscal year 2010 and \$3,066,000 of the general fund--state appropriation for fiscal year 2011 are provided solely for grants to county juvenile courts for the following programs identified by the Washington state institute for public policy (institute) in its October 2006 report: "Evidence-Based Public Policy Options to Reduce Future Prison Construction, Criminal Justice Costs and Crime Rates": Functional family therapy, multi-systemic therapy, aggression replacement training and interagency coordination programs, or other programs with a positive benefit-cost finding in the institute's report. County juvenile courts shall apply to the juvenile rehabilitation administration for funding for program-specific participation and the administration shall provide grants to the courts consistent with the per-participant treatment costs identified by the institute.

(6) \$1,287,000 of the general fund--state appropriation for fiscal year 2010 and \$1,287,000 of the general fund--state appropriation for fiscal year 2011 are provided solely for expansion of the following treatments and therapies in juvenile rehabilitation administration programs identified by the Washington state institute for public policy in its October 2006 report: "Evidence-Based Public Policy Options to Reduce Future Prison Construction, Criminal Justice Costs and Crime Rates": Multidimensional treatment foster care, family integrated transitions, and aggression replacement training. The administration may concentrate delivery of these treatments and therapies at a limited number of programs to deliver the treatments in a cost-effective manner.

(7)(a) ((For the fiscal year ending June 30, 2010, the juvenile rehabilitation administration shall administer a block grant, rather than categorical funding, of consolidated juvenile service funds, community juvenile accountability act grants, the chemical dependency disposition alternative funds, the special sex offender disposition alternative funds, the mental health disposition alternative, sentencing disposition alternative, and evidence-based program expansion grants to juvenile courts for the purpose of serving youth adjudicated in the juvenile justice system. Evidence based programs, based on the criteria established by the Washington state institute for public policy, and disposition alternatives will be funding priorities. Funds may be used for promising practices when approved by juvenile rehabilitation administration, based on criteria established in consultation with Washington state institute for public policy and the juvenile courts.

By September 1, 2009, a committee with four members, in consultation with Washington state institute for public policy, shall develop a funding formula that takes into account the juvenile courts average daily population of program eligible youth in conjunction with the number of youth served in each approved evidence based program or disposition alternative. The committee shall have one representative from the juvenile rehabilitation administration, one representative from the office of financial management, one representative from the office of the administrator of the courts, and one representative from the juvenile courts. Decision making will be by majority rule.

By September 1, 2010, the Washington state institute for public policy shall provide a report to the office of financial management and the legislature on the administration of the block grant authorized in this subsection. The report shall include the criteria used for allocating the funding as a block grant and the participation

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targets and actual participation in the programs subject to the block grant.

(b) By December 1, 2009, the committee established in (a) of this subsection, in consultation with Washington state institute for public policy, shall propose to the office of financial management and the legislature changes in the process of funding and managing, including accountability and information collection and dissemination, grants to juvenile courts for serving youth adjudicated in the juvenile court system use in the fiscal year ending June 30, 2011. The proposal shall include, but is not limited to: A process of making a block grant of funds consistent with (a) of this subsection; a program of data collection and measurement criteria for receiving the funds which will include targets of the number of youth served in identified evidence based programs and disposition alternatives in which the juvenile courts and office of the administrator of the courts will have responsibility for collecting and distributing information and providing access to the data systems to the juvenile rehabilitation administration and the Washington state institute for public policy related to program and outcome data; and necessary changes to the Washington administrative code.

(c) Within the funds provided for criminal justice analysis in section 610(1) of this act, the Washington state institute for public policy shall conduct an analysis of the costs per participant of evidence based programs by the juvenile courts and by December 1, 2009, shall report the results of this analysis to the juvenile rehabilitation administration, the juvenile courts, office of the administrator of the courts, the office of financial management, and the fiscal committees of the legislature)) For the fiscal year ending June 30, 2011, the juvenile rehabilitation administration shall administer a block grant, rather than categorical funding, of consolidated juvenile service funds, community juvenile accountability act grants, the chemical dependency disposition alternative funds, the mental health disposition alternative, and the sentencing disposition alternative for the purpose of serving youth adjudicated in the juvenile justice system. In making the block grant, the juvenile rehabilitation administration shall follow the following formula and will prioritize evidence-based programs and disposition alternatives and take into account juvenile courts program-eligible youth in conjunction with the number of youth served in each approved evidence-based program or disposition alternative: (i) Thirty-seven and one-half percent for the at-risk population of youth ten to seventeen years old; (ii) fifteen percent for moderate and high-risk youth; (iii) twenty-five percent for evidence-based program participation; (iv) seventeen and one-half percent for minority populations; (v) three percent for the chemical dependency disposition alternative; and (vi) two percent for the mental health and sentencing dispositional alternatives. Funding for the special sex offender disposition alternative (SSODA) shall not be included in the block grant, but allocated on the average daily population in juvenile courts. Funding for the evidence-based expansion grants shall be excluded from the block grant formula. Funds may be used for promising practices when approved by the juvenile rehabilitation administration and juvenile courts, through the community juvenile accountability act committee, based on the criteria established in consultation with Washington state institute for public policy and the juvenile courts.

(b) It is the intent of the legislature that the juvenile rehabilitation administration phase the implementation of the formula provided in subsection (1) of this section by including a stop-loss formula of three percent in fiscal year 2011, five percent in fiscal year 2012, and five percent in fiscal year 2013. It is further the intent of the legislature that the evidence-based expansion grants be incorporated into the block grant formula by fiscal year 2013 and SSODA remain separate unless changes would result in increasing the cost benefit savings to the state as identified in (c) of this

subsection.

(c) The juvenile rehabilitation administration and the juvenile courts shall establish a block grant funding formula oversight committee with equal representation from the juvenile rehabilitation administration and the juvenile courts. The purpose of this committee is to assess the ongoing implementation of the block grant funding formula, utilizing data-driven decision making and the most current available information. The committee will be cochaired by the juvenile rehabilitation administration and the juvenile courts, who will also have the ability to change members of the committee as needed to achieve its purpose. Initial members will include one juvenile court representative from the finance committee, the community juvenile accountability act committee, the risk assessment quality assurance committee, the executive board of the Washington association of juvenile court administrators, the Washington state center for court research, and a representative of the superior court judges association; two representatives from the juvenile rehabilitation administration headquarters program oversight staff, two representatives of the juvenile rehabilitation administration regional office staff, one representative of the juvenile rehabilitation administration fiscal staff and a juvenile rehabilitation administration division director. The committee may make changes to the formula categories other than the evidence-based program and disposition alternative categories if it is determined the changes will increase statewide service delivery or effectiveness of evidence-based program or disposition alternative resulting in increased cost benefit savings to the state. Long-term cost benefit must be considered. Percentage changes may occur in the evidence-based program or disposition alternative categories of the formula should it be determined the changes will increase evidence-based program or disposition alternative delivery and increase the cost benefit to the state. These outcomes will also be considered in determining when evidence-based expansion or special sex offender disposition alternative funds should be included in the block grant or left separate.

(d) The juvenile courts and administrative office of the courts shall be responsible for collecting and distributing information and providing access to the data systems to the juvenile rehabilitation administration and the Washington state institute for public policy related to program and outcome data. The juvenile rehabilitation administration and the juvenile courts will work collaboratively to develop program outcomes that reinforce the greatest cost benefit to the state in the implementation of evidence-based practices and disposition alternatives.

(e) By December 1, 2010, the Washington state institute for public policy shall report to the office of financial management and appropriate committees of the legislature on the administration of the block grant authorized in this subsection. The report shall include the criteria used for allocating the funding as a block grant and the participation targets and actual participation in the programs subject to the block grant.

(8) \$3,700,000 of the Washington auto theft prevention authority account--state appropriation is provided solely for competitive grants to community-based organizations to provide at-risk youth intervention services, including but not limited to, case management, employment services, educational services, and street outreach intervention programs. Projects funded should focus on preventing, intervening, and suppressing behavioral problems and violence while linking at-risk youth to pro-social activities. The department may not expend more than \$1,850,000 per fiscal year. The costs of administration must not exceed four percent of appropriated funding for each grant recipient. Each entity receiving funds must report to the juvenile rehabilitation administration on the number and types of youth served, the services

provided, and the impact of those services upon the youth and the community.

(9) The appropriations in this section assume savings associated with the transfer of youthful offenders age eighteen or older whose sentences extend beyond age twenty-one to the department of corrections to complete their sentences. Prior to transferring an offender to the department of corrections, the juvenile rehabilitation administration shall evaluate the offender to determine the offender's physical and emotional suitability for transfer.

**Sec. 204.** 2010 c 3 s 203 (uncodified) is amended to read as follows:

### FOR THE DEPARTMENT OF SOCIAL AND HEALTH SERVICES--MENTAL HEALTH PROGRAM

#### (1) COMMUNITY SERVICES/REGIONAL SUPPORT NETWORKS

General Fund--State Appropriation (FY 2010).....	<u>(((\$266,677,000))</u>
	<u>\$273,648,000</u>
General Fund--State Appropriation (FY 2011).....	<u>(((\$296,619,000))</u>
	<u>\$278,530,000</u>
General Fund--Federal Appropriation.....	<u>(((\$463,180,000))</u>
	<u>\$519,456,000</u>
General Fund--Private/Local Appropriation.....	<u>(((\$14,868,000))</u>
	<u>\$16,674,000</u>
<u>Hospital Safety Net Assessment Fund--State Appropriation</u> .....	<u>\$3,476,000</u>
<u>TOTAL APPROPRIATION</u> .....	<u>(((\$1,041,344,000))</u>
	<u>\$1,091,784,000</u>

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

(a) \$113,689,000 of the general fund--state appropriation for fiscal year 2010 and \$113,689,000 of the general fund--state appropriation for fiscal year 2011 are provided solely for persons and services not covered by the medicaid program. This is a reduction of \$11,606,000 each fiscal year from the nonmedicaid funding that was allocated for expenditure by regional support networks during fiscal year 2009 prior to supplemental budget reductions. This \$11,606,000 reduction shall be distributed among regional support networks proportional to each network's share of the total state population. To the extent possible, levels of regional support network spending shall be maintained in the following priority order: (i) Crisis and commitment services; (ii) community inpatient services; and (iii) residential care services, including personal care and emergency housing assistance.

(b) (((\$16,900,000)) \$10,400,000 of the general fund--state appropriation for fiscal year 2010 ((and \$16,900,000)), \$9,100,000 of the general fund--state appropriation for fiscal year 2011, and \$1,300,000 of the general fund--federal appropriation are provided solely for the department and regional support networks to contract for implementation of high-intensity program for active community treatment (PACT) teams, and other proven program approaches that the department concurs will enable the regional support network to achieve significant reductions in the number of beds the regional support network would otherwise need to use at the state hospitals). The department shall work with regional support networks and the center for medicare and medicaid services to integrate eligible components of the PACT service delivery model into medicaid capitation rates no later than January 2011, while maintaining consistency with all essential elements of the PACT evidence-based practice model.

(c) \$6,500,000 of the general fund--state appropriation for fiscal year 2010 and \$6,500,000 of the general fund--state appropriation for fiscal year 2011 are provided solely for the western Washington regional support networks to provide either community- or hospital campus-based services for persons who require the level of care provided by the program for adaptive living skills (PALS) at western state hospital.

(d) The number of nonforensic beds allocated for use by regional support networks at eastern state hospital shall be 192 per day. The number of nonforensic beds allocated for use by regional support networks at western state hospital shall be 617 per day during the first quarter of fiscal year 2010, and 587 per day thereafter. Beds in the program for adaptive living skills (PALS) are not included in the preceding bed allocations. The department shall separately charge regional support networks for persons served in the PALS program.

((+)) (e) From the general fund--state appropriations in this subsection, the secretary of social and health services shall assure that regional support networks reimburse the aging and disability services administration for the general fund--state cost of medicaid personal care services that enrolled regional support network consumers use because of their psychiatric disability.

((+)) (f) \$4,582,000 of the general fund--state appropriation for fiscal year 2010 and \$4,582,000 of the general fund--state appropriation for fiscal year 2011 are provided solely for mental health services for mentally ill offenders while confined in a county or city jail and for facilitating access to programs that offer mental health services upon release from confinement.

((+)) (g) The department is authorized to continue to contract directly, rather than through contracts with regional support networks, for children's long-term inpatient facility services.

((+)) (h) \$750,000 of the general fund--state appropriation for fiscal year 2010 and \$750,000 of the general fund--state appropriation for fiscal year 2011 are provided solely to continue performance-based incentive contracts to provide appropriate community support services for individuals with severe mental illness who were discharged from the state hospitals as part of the expanding community services initiative. These funds will be used to enhance community residential and support services provided by regional support networks through other state and federal funding.

((+)) (i) \$1,500,000 of the general fund--state appropriation for fiscal year 2010 and \$1,500,000 of the general fund--state appropriation for fiscal year 2011 are provided solely for the Spokane regional support network to implement services to reduce utilization and the census at eastern state hospital. Such services shall include:

(i) High intensity treatment team for persons who are high utilizers of psychiatric inpatient services, including those with co-occurring disorders and other special needs;

(ii) Crisis outreach and diversion services to stabilize in the community individuals in crisis who are at risk of requiring inpatient care or jail services;

(iii) Mental health services provided in nursing facilities to individuals with dementia, and consultation to facility staff treating those individuals; and

(iv) Services at the sixteen-bed evaluation and treatment facility.

At least annually, the Spokane regional support network shall assess the effectiveness of these services in reducing utilization at eastern state hospital, identify services that are not optimally effective, and modify those services to improve their effectiveness.

((+)) (j) The department shall return to the Spokane regional support network fifty percent of the amounts assessed against the network during the last six months of calendar year 2009 for state hospital utilization in excess of its contractual limit. The regional support network shall use these funds for operation during its initial months of a new sixteen-bed evaluation and treatment facility that will enable the network to reduce its use of the state hospital, and for diversion and community support services for persons with dementia who would likely otherwise require care at the state hospital.

((+)) (k) The department is directed to identify and implement program efficiencies and benefit changes in its delivery of medicaid

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managed-care services that are sufficient to operate within the state and federal appropriations in this section. Such actions may include but are not limited to methods such as adjusting the care access standards; improved utilization management of ongoing, recurring, and high-intensity services; and increased uniformity in provider payment rates. The department shall ensure that the capitation rate adjustments necessary to accomplish these efficiencies and changes are distributed uniformly and equitably across all regional support networks statewide. The department is directed to report to the relevant legislative fiscal and policy committees at least thirty days prior to implementing rate adjustments reflecting these changes.

((\*)) (l) In developing the new medicaid managed care rates under which the public mental health managed care system will operate during the five years beginning in fiscal year 2011, the department should seek to estimate the reasonable and necessary cost of efficiently and effectively providing a comparable set of medically necessary mental health benefits to persons of different acuity levels regardless of where in the state they live. Actual prior period spending in a regional administrative area shall not be a key determinant of future payment rates. The department shall report to the office of financial management and to the relevant fiscal and policy committees of the legislature on its proposed new waiver and mental health managed care rate-setting approach by October 1, 2009, and again at least sixty days prior to implementation of new capitation rates.

(m) In implementing the new public mental health managed care payment rates for fiscal year 2011, the department shall to the maximum extent possible within each regional support network's allowable rate range establish rates so that there is no increase or decrease in the total state and federal funding that the regional support network would receive if it were to continue to be paid at its October 2009 through June 2010 rates. The department shall additionally revise the draft rates issued January 28, 2010, to more accurately reflect the lower practitioner productivity inherent in the delivery of services in extremely rural regions in which a majority of the population reside in frontier counties, as defined and designated by the national center for frontier communities.

((\*)) (n) \$1,529,000 of the general fund-state appropriation for fiscal year 2010 and \$1,529,000 of the general fund-state appropriation for fiscal year 2011 are provided solely to reimburse Pierce and Spokane counties for the cost of conducting 180-day commitment hearings at the state psychiatric hospitals.

((\*\*)) (o) The legislature intends and expects that regional support networks and contracted community mental health agencies shall make all possible efforts to, at a minimum, maintain current compensation levels of direct care staff. Such efforts shall include, but not be limited to, identifying local funding that can preserve client services and staff compensation, achieving administrative reductions at the regional support network level, and engaging stakeholders on cost-savings ideas that maintain client services and staff compensation. For purposes of this section, "direct care staff" means persons employed by community mental health agencies whose primary responsibility is providing direct treatment and support to people with mental illness, or whose primary responsibility is providing direct support to such staff in areas such as client scheduling, client intake, client reception, client records-keeping, and facilities maintenance.

(p) Regional support networks may use local funds to earn additional federal medicaid match, provided the locally matched rate does not exceed the upper-bound of their federally allowable rate range, and provided that the enhanced funding is used only to provide medicaid state plan or waiver services to medicaid clients. Additionally, regional support networks may use a portion of the state funds allocated in accordance with (a) of this subsection to earn

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additional medicaid match, but only to the extent that the application of such funds to medicaid services does not diminish the level of crisis and commitment, community inpatient, residential care, and outpatient services presently available to persons not eligible for medicaid.

### (2) INSTITUTIONAL SERVICES

General Fund--State Appropriation (FY 2010).....	<u>(((\$120,637,000))</u>
	<u>\$119,423,000</u>
General Fund--State Appropriation (FY 2011).....	<u>(((\$124,995,000))</u>
	<u>\$123,012,000</u>
General Fund--Federal Appropriation.....	<u>(((\$151,160,000))</u>
	<u>\$153,425,000</u>
General Fund--Private/Local Appropriation.....	<u>(((\$65,868,000))</u>
	<u>\$64,614,000</u>
<b>TOTAL APPROPRIATION</b> .....	<u>(((\$462,660,000))</u>
	<u>\$460,474,000</u>

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

(a) The state psychiatric hospitals may use funds appropriated in this subsection to purchase goods and supplies through hospital group purchasing organizations when it is cost-effective to do so.

(b) \$231,000 of the general fund--state appropriation for fiscal year 2008 and \$231,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for a community partnership between western state hospital and the city of Lakewood to support community policing efforts in the Lakewood community surrounding western state hospital. The amounts provided in this subsection (2)(b) are for the salaries, benefits, supplies, and equipment for one full-time investigator, one full-time police officer, and one full-time community service officer at the city of Lakewood.

(c) \$45,000 of the general fund--state appropriation for fiscal year 2010 and \$45,000 of the general fund--state appropriation for fiscal year 2011 are provided solely for payment to the city of Lakewood for police services provided by the city at western state hospital and adjacent areas.

(d) \$200,000 of the general fund--state appropriation for fiscal year 2011 is provided solely for support of the psychiatric security review panel established pursuant to Senate Bill No. 6610. If Senate Bill No. 6610 is not enacted by June 30, 2010, the amount provided in this subsection shall lapse.

### (3) SPECIAL PROJECTS

General Fund--State Appropriation (FY 2010).....	<u>\$1,819,000</u>
General Fund--State Appropriation (FY 2011).....	<u>(((\$1,812,000))</u>
	<u>\$2,092,000</u>
General Fund--Federal Appropriation.....	<u>\$2,142,000</u>
<b>TOTAL APPROPRIATION</b> .....	<u>(((\$5,773,000))</u>
	<u>\$6,053,000</u>

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

(a) \$1,511,000 of the general fund--state appropriation for fiscal year 2010 and \$1,511,000 of the general fund--state appropriation for fiscal year 2011 are provided solely for children's evidence based mental health services. Funding is sufficient to continue serving children at the same levels as fiscal year 2009.

(b) \$100,000 of the general fund--state appropriation for fiscal year 2011 is provided solely for consultation, training, and technical assistance to regional support networks on strategies for effective service delivery in very sparsely populated counties.

(c) \$60,000 of the general fund--state appropriation for fiscal year 2011 is provided solely for the department to contract with the Washington state institute for public policy for completion of the research reviews to be conducted in accordance with chapter 263, Laws of 2010.

(d) \$60,000 of the general fund--state appropriation for fiscal

year 2011 is provided solely for the department to contract with the Washington state institute for public policy for completion of the research reviews to be conducted in accordance with section 1, chapter 280, Laws of 2010.

(e) \$60,000 of the general fund--state appropriation for fiscal year 2011 is provided solely for implementation of sections 2 and 3, chapter 280, Laws of 2010. The department shall use these funds to contract with the Washington state institute for public policy for completion of an assessment of (i) the extent to which the number of persons involuntarily committed for 3, 14, and 90 days is likely to increase as a result of the revised commitment standards; (ii) the availability of community treatment capacity to accommodate that increase; (iii) strategies for cost-effectively leveraging state, local, and private resources to increase community involuntary treatment capacity; and (iv) the extent to which increases in involuntary commitments are likely to be offset by reduced utilization of correctional facilities, publicly-funded medical care, and state psychiatric hospitalizations.

(f) By October 1, 2010, the department shall report to the governor and appropriate committees of the legislature with (i) a report on improving services for children who are at greatest risk of requiring long-term inpatient and residential care due to the severity of their emotional impairments; and (ii) an inventory of current publicly funded efforts in Washington to identify children at risk of emotional impairments and to provide intervention before a mental disorder manifests itself. The report on improving services for children at risk of long-term care shall be developed by the division of behavioral health and recovery services in consultation with treatment specialists, regional support networks, behavioral health provider organizations, and consumer and family representatives. It shall include potential alternatives for services to children at risk of long-term, intensive mental health care and recommend specific proposals regarding program components, delivery system organization, and cost estimates. The proposals may include short and long-term alternatives to reach statewide equity in access to high-intensity services with a primary focus on children who are at risk of out-of-home placement or who are high system utilizers. Evidence-based and research-based practices shall be included as options to the extent that they provide appropriate services for children at risk of long-term, intensive mental health care. The inventory shall include, but is not limited to, activities that focus on prevention rather than solely on clinical or medical treatment and that rely on strategies such as those identified by the national academies' institute of medicine as effective in preventing childhood emotional impairments. The inventory shall be developed by the family policy council in consultation with public health departments, special education experts, managed health care plans, regional support networks, the University of Washington's children's mental health evidence-based practice institute, and behavioral health provider organizations.

#### (4) PROGRAM SUPPORT

General Fund--State Appropriation (FY 2010).....	((4,077,000))
	\$4,078,000
General Fund--State Appropriation (FY 2011).....	((4,094,000))
	\$4,070,000
General Fund--Federal Appropriation.....	((7,227,000))
	\$7,219,000
TOTAL APPROPRIATION.....	((15,398,000))
	\$15,367,000

The department is authorized and encouraged to continue its contract with the Washington state institute for public policy to provide a longitudinal analysis of long-term mental health outcomes as directed in chapter 334, Laws of 2001 (mental health performance audit); to build upon the evaluation of the impacts of chapter 214, Laws of 1999 (mentally ill offenders); and to assess

program outcomes and cost effectiveness of the children's mental health pilot projects as required by chapter 372, Laws of 2006.

**Sec. 205.** 2010 c 3 s 204 (uncodified) is amended to read as follows:

**FOR THE DEPARTMENT OF SOCIAL AND HEALTH SERVICES--DEVELOPMENTAL DISABILITIES PROGRAM**

**(1) COMMUNITY SERVICES**

General Fund--State Appropriation (FY 2010).....	((311,589,000))
	\$307,348,000
General Fund--State Appropriation (FY 2011).....	((366,489,000))
	\$338,299,000
General Fund--Federal Appropriation.....	((849,263,000))
	\$902,900,000
TOTAL APPROPRIATION.....	((1,527,341,000))
	\$1,548,547,000

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

(a) Individuals receiving services as supplemental security income (SSI) state supplemental payments shall not become eligible for medical assistance under RCW 74.09.510 due solely to the receipt of SSI state supplemental payments.

(b)(i) Amounts appropriated in this section reflect a reduction to funds appropriated for in-home care. The department shall reduce the number of in-home hours authorized. The reduction shall be scaled based on the acuity level of care recipients. The largest hour reductions shall be to lower acuity patients and the smallest hour reductions shall be to higher acuity patients. In doing so, the department shall comply with all maintenance of effort requirements contained in the American reinvestment and recovery act.

(ii) \$508,000 of the general fund--state appropriation for fiscal year 2011 and \$822,000 of the general fund--federal appropriation are provided solely for the department to partially restore the reductions to in-home care that are taken in (b)(i) of this subsection. The department will use the same formula to restore personal care hours that it used to reduce personal care hours.

(c) Amounts appropriated in this section are sufficient to develop and implement the use of a consistent, statewide outcome-based vendor contract for employment and day services by April 1, 2011. The rates paid to vendors under this contract shall also be made consistent. In its description of activities the agency shall include activity listings and dollars appropriated for: Employment services, day services, child development services and county administration of services to the developmentally disabled. The department shall begin reporting to the office of financial management on these activities beginning in fiscal year 2010.

(d) ((5,593,000 of the general fund state appropriation for fiscal year 2010, \$4,002,000 of the general fund state appropriation for fiscal year 2011, and \$14,701,000 of the general fund federal appropriation are provided solely for community residential and support services. Funding in this subsection shall be prioritized for (i) residents of residential habilitation centers who are able to be adequately cared for in community settings and who choose to live in those community settings; (ii) clients without residential services who are at immediate risk of institutionalization or in crisis; (iii) children who are at risk of institutionalization or who are aging out of other state services; and (iv) current home and community based waiver program clients who have been assessed as having an immediate need for increased services. First priority shall be given to children who are at risk of institutionalization. The department shall ensure that the average cost per day for all program services other than start up costs shall not exceed \$300. In order to maximize the number of clients served and ensure the cost effectiveness of the waiver programs, the department will strive to limit new client placement expenditures to 90 percent of the

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~~budgeted daily rate. If this can be accomplished, additional clients may be served with excess funds, provided the total projected carry forward expenditures do not exceed the amounts estimated. The department shall electronically report to the appropriate committees of the legislature, within 45 days following each fiscal year quarter, the number of persons served with these additional community services, where they were residing, what kinds of services they were receiving prior to placement, and the actual expenditures for all community services to support these clients.~~

~~—(e)(i) \$493,000 of the general fund state appropriation for fiscal year 2010, \$1,463,000 of the general fund state appropriation for fiscal year 2011, and \$2,741,000 of the general fund federal appropriation are provided solely for community services for persons with developmental disabilities who also have community protection issues. Funding in this subsection shall be prioritized for (A) clients being diverted or discharged from the state psychiatric hospitals; (B) clients participating in the dangerous mentally ill offender program; (C) clients participating in the community protection program; and (D) mental health crisis diversion outplacements. The department shall ensure that the average cost per day for all program services other than start up costs shall not exceed \$349 per day in fiscal year 2010 and \$356 per day in fiscal year 2011. In order to maximize the number of clients served and ensure the cost effectiveness of the waiver programs, the department will strive to limit new client placement expenditures to 90 percent of the budgeted daily rate. If this can be accomplished, additional clients may be served with excess funds if the total projected carry forward expenditures do not exceed the amounts estimated.~~

~~—(ii) The department shall electronically report to the appropriate committees of the legislature, within 45 days following each fiscal year quarter, the number of persons served with these additional community services, where they were residing, what kinds of services they were receiving prior to placement, and the actual expenditures for all community services to support these clients.~~

~~—(f)) \$302,000 of the general fund--state appropriation for fiscal year 2010, \$831,000 of the general fund--state appropriation for fiscal year 2011, and \$1,592,000 of the general fund--federal appropriation are provided solely for health care benefits pursuant to a collective bargaining agreement negotiated with the exclusive bargaining representative of individual providers established under RCW 74.39A.270.~~

~~((g)) (e)(i) \$682,000 of the general fund--state appropriation for fiscal year 2010, \$1,651,000 of the general fund--state appropriation for fiscal year 2011, and \$1,678,000 of the general fund--federal appropriation are provided solely for the state's contribution to the training partnership, as provided in RCW 74.39A.360, pursuant to a collective bargaining agreement negotiated with the exclusive bargaining representative of individual providers established under RCW 74.39A.270.~~

~~(ii) The federal portion of the amounts in this subsection (g) is contingent upon federal approval of participation in contributions to the trust and shall remain unallotted and placed in reserve status until the office of financial management and the department of social and health services receive federal approval.~~

~~(iii) Expenditures for the purposes specified in this subsection (g) shall not exceed the amounts provided in this subsection.~~

~~((h)) (f) Within the amounts appropriated in this subsection (1), the department shall implement all necessary rules to facilitate the transfer to a department home and community-based services (HCBS) waiver of all eligible individuals who (i) currently receive services under the existing state-only employment and day program or the existing state-only residential program, and (ii) otherwise meet the waiver eligibility requirements. The amounts appropriated are sufficient to ensure that all individuals currently~~

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receiving services under the state-only employment and day and state-only residential programs who are not transferred to a department HCBS waiver will continue to receive services.

~~((i)) Adult day health services shall only be authorized for in-home clients.~~

~~((j)) (g) In addition to other reductions, the appropriations in this subsection reflect reductions targeted specifically to state government administrative costs. These administrative reductions shall be achieved, to the greatest extent possible, by reducing those administrative costs that do not affect direct client services or direct service delivery or programs.~~

~~((k)) (h) The department shall not pay a home care agency licensed under chapter 70.127 RCW for personal care services provided by a family member, pursuant to Substitute House Bill No. 2361 (modifying state payments for in-home care).~~

~~((l)) (i) Within the appropriations of this section, the department shall reduce all seventeen payment levels of the seventeen-level payment system from the fiscal year 2009 levels for boarding homes, boarding homes contracted as assisted living, and adult family homes. Excluded from the reductions are exceptional care rate add-ons. The long-term care program may develop add-ons to pay exceptional care rates to adult family homes and boarding homes with specialty contracts to provide support for the following specifically eligible clients:~~

~~(i) Persons with AIDS or HIV-related diseases who might otherwise require nursing home or hospital care;~~

~~(ii) Persons with Alzheimer's disease and related dementia who might otherwise require nursing home care; and~~

~~(iii) Persons with co-occurring mental illness and long-term care needs who are eligible for expanded community services and who might otherwise require state and local psychiatric hospital care.~~

~~Within amounts appropriated, exceptional add-on rates for AIDS/HIV, dementia specialty care, and expanded community services may be standardized within each program.~~

~~((m)) (j) The amounts appropriated in this subsection reflect a reduction in funds available for employment and day services. In administering this reduction the department shall negotiate with counties and their vendors so that this reduction, to the greatest extent possible, is achieved by reducing vendor rates and allowable contract administrative charges (overhead) and not through reductions to direct client services or direct service delivery or programs.~~

~~((n)) Within the amounts allotted for employment and day services in this section, the department shall prioritize the funding of employment services for students graduating from high school during fiscal years 2010 and 2011. However, nothing in this subsection is intended to displace services for other recipients of employment services.~~

~~((o)) (k) As part of the needs assessment instrument, the department may collect data on family income for minor children with developmental disabilities and all individuals who are receiving state-only funded services. The department may ensure that this information is collected as part of the client assessment process.~~

~~(l) \$116,000 of the general fund--state appropriation for fiscal year 2010, \$2,689,000 of the general fund--state appropriation for fiscal year 2011, and \$1,772,000 of the general fund--federal appropriation are provided solely for employment services and required waiver services. Priority consideration for this new funding shall be young adults with developmental disabilities living with their family who need employment opportunities and assistance after high school graduation. Services shall be provided for both waiver and nonwaiver clients. Fifty percent of the general fund appropriation shall be utilized for graduates served on a home~~

and community-based services waiver and fifty percent of the general fund appropriation shall be used for nonwaiver clients.

(m) The division of developmental disabilities shall not reduce funding for county employment contracts. Funding for this purpose shall be maintained at the amount appropriated for this purpose in chapter 564, Laws of 2009.

(n) The department shall, by September 30, 2010, provide a report to the legislature on the implementation of chapter 571, Laws of 2009 (Substitute House Bill No. 2361). The report shall provide an analysis of the savings and/or costs to the agency associated with the implementation of the bill. Additionally, the report shall provide a full accounting of the relative hourly costs of agency providers and individual providers.

(o) The department shall establish a working group with representatives of the home care industry to identify and eliminate or mitigate administrative burdens. The make-up of this working group shall be limited to:

(i) The state unit on aging chief of the aging and disabilities service administration (ADSA);

(ii) Other ADSA representatives as the state unit on aging chief deems necessary;

(iii) A representative from the department of health facility services licensing;

(iv) No more than seven representatives of the home care industry, to include:

(A) A representative of each of the three home care associations;

(B) A for-profit agency with at least seven area agency on aging contracts;

(C) A nonprofit with at least seven area agency on aging contracts;

(D) An agency that serves persons with developmental disabilities; and

(E) An agency that is a community action program;

(v) No more than two area agency on aging directors; and

(vi) Representatives from each of the two labor unions which represent home care workers.

The department is authorized to assign work group members consistent with this subsection (1)(s). The working group shall hold its first meeting no later than May 1, 2010, and shall meet at least monthly or as needed until the group has accomplished its goals. The work group shall provide a report on its findings to the legislative fiscal committees by January 1, 2011.

(p) The department shall electronically report to the appropriate committees of the legislature, within 45 days following each fiscal year quarter, the number of persons served in each of the following categories: (i) Residents of residential habilitation centers who are able to be adequately cared for in community settings and who choose to live in those community settings; (ii) clients without residential services who are at immediate risk of institutionalization or in crisis; (iii) children who are at risk of institutionalization or who are aging out of other state services; (iv) current home and community-based waiver program clients who have been assessed as having an immediate need for increased services; (v) clients being diverted or discharged from the state psychiatric hospitals; (vi) clients participating in the dangerous mentally ill offender program; (vii) clients participating in the community protection program; or (viii) mental health crisis diversion outplacements. The department shall strive to serve these clients in the most cost-effective manner.

(q) \$81,000 of the general fund-state appropriation for fiscal year 2010, \$599,000 of the general fund-state appropriation for fiscal year 2011, and \$1,111,000 of the general fund-federal appropriation are provided solely for the department to provide employment and day services for eligible students who are currently on a waiver and will graduate from high school during fiscal years 2010 and 2011.

(r) \$100,000 of the general fund-state appropriation for fiscal year 2011 is provided solely for direct support to families of individuals with developmental disabilities to provide instruction in self-advocacy.

(s) \$100,000 of the general fund-state appropriation for fiscal year 2011 is provided solely for direct support of local organizations that utilize parent-to-parent networks and communication to promote access and quality of care for individuals with developmental disabilities and their families.

(t) The automatic award of additional hours of personal care for people with special meal preparation or incontinence needs is eliminated. Authorization of service hours will be based upon the individual's assessed needs.

#### (2) INSTITUTIONAL SERVICES

General Fund-State Appropriation (FY 2010).....	<u>(((\$61,612,000))</u>
	<u>\$61,422,000</u>
General Fund-State Appropriation (FY 2011).....	<u>(((\$74,185,000))</u>
	<u>\$65,685,000</u>
General Fund-Federal Appropriation.....	<u>(((\$202,160,000))</u>
	<u>\$210,473,000</u>
General Fund-Private/Local Appropriation.....	<u>(((\$22,441,000))</u>
TOTAL APPROPRIATION.....	<u>(((\$360,398,000))</u>
	<u>\$360,021,000</u>

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

(a) Individuals receiving services as supplemental security income (SSI) state supplemental payments shall not become eligible for medical assistance under RCW 74.09.510 due solely to the receipt of SSI state supplemental payments.

(b) The developmental disabilities program is authorized to use funds appropriated in this subsection to purchase goods and supplies through direct contracting with vendors when the program determines it is cost-effective to do so.

(c) \$721,000 of the general fund-state appropriation for fiscal year 2010 and \$721,000 of the general fund-state appropriation for fiscal year 2011 are provided solely for the department to fulfill its contracts with the school districts under chapter 28A.190 RCW to provide transportation, building space, and other support services as are reasonably necessary to support the educational programs of students living in residential habilitation centers.

(d) In addition to other reductions, the appropriations in this subsection reflect reductions targeted specifically to state government administrative costs. These administrative reductions shall be achieved, to the greatest extent possible, by reducing those administrative costs that do not affect direct client services or direct service delivery or programs.

#### (3) PROGRAM SUPPORT

General Fund-State Appropriation (FY 2010).....	<u>(((\$1,420,000))</u>
	<u>\$1,407,000</u>
General Fund-State Appropriation (FY 2011).....	<u>(((\$1,372,000))</u>
	<u>\$1,379,000</u>
General Fund-Federal Appropriation.....	<u>(((\$1,360,000))</u>
	<u>\$1,319,000</u>
TOTAL APPROPRIATION.....	<u>(((\$4,152,000))</u>
	<u>\$4,105,000</u>

The appropriations in this subsection are subject to the following conditions and limitations: In addition to other reductions, the appropriations in this subsection reflect reductions targeted specifically to state government administrative costs. These administrative reductions shall be achieved, to the greatest extent possible, by reducing those administrative costs that do not affect direct client services or direct service delivery or programs.

#### (4) SPECIAL PROJECTS

General Fund-State Appropriation (FY 2010).....	<u>\$15,000</u>
General Fund-State Appropriation (FY 2011).....	<u>\$15,000</u>
General Fund-Federal Appropriation.....	<u>(((\$21,066,000))</u>

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TOTAL APPROPRIATION.....	<u>\$9,631,000</u>
	<u><del>\$21,096,000</del></u>

The appropriations in this subsection are subject to the following conditions and limitations: The appropriations in this subsection are available solely for the infant toddler early intervention program.

**Sec. 206.** 2010 c 3 s 205 (uncodified) is amended to read as follows:

**FOR THE DEPARTMENT OF SOCIAL AND HEALTH SERVICES--AGING AND ADULT SERVICES PROGRAM**  
General Fund--State Appropriation (FY 2010).....~~(\$584,741,000)~~

General Fund--State Appropriation (FY 2011).....	<u><del>(\$693,325,000)</del></u>
	<u>\$616,837,000</u>

General Fund--Federal Appropriation.....	<u><del>(\$1,805,958,000)</del></u>
	<u>\$638,535,000</u>

General Fund--Private/Local Appropriation.....	<u><del>(\$19,973,000)</del></u>
	<u>\$1,953,289,000</u>

Traumatic Brain Injury Account--State Appropriation.....	<u><del>(\$1,816,000)</del></u>
	<u>\$18,013,000</u>

TOTAL APPROPRIATION.....	<u><del>(\$3,105,813,000)</del></u>
	<u>\$3,230,810,000</u>

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

(1) For purposes of implementing chapter 74.46 RCW, the weighted average nursing facility payment rate shall not exceed ~~(((\$156.37)) \$169.85~~ for fiscal year 2010 and shall not exceed ~~(((\$158.74)) \$166.24~~ for fiscal year 2011, including the rate add-on described in subsection (12) of this section. There will be no adjustments for economic trends and conditions in fiscal years 2010 and 2011. The economic trends and conditions factor or factors defined in the biennial appropriations act shall not be compounded with the economic trends and conditions factor or factors defined in any other biennial appropriations acts before applying it to the component rate allocations established in accordance with chapter 74.46 RCW. When no economic trends and conditions factor for either fiscal year is defined in a biennial appropriations act, no economic trends and conditions factor or factors defined in any earlier biennial appropriations act shall be applied solely or compounded to the component rate allocations established in accordance with chapter 74.46 RCW.

(2) After examining actual nursing facility cost information, the legislature finds that the medicaid nursing facility rates calculated pursuant to Substitute House Bill No. 3202 or Substitute Senate Bill No. 6872 (nursing facility medicaid payments) provide sufficient reimbursement to efficient and economically operating nursing facilities and bears a reasonable relationship to costs.

(3) In accordance with chapter 74.46 RCW, the department shall issue no additional certificates of capital authorization for fiscal year 2010 and no new certificates of capital authorization for fiscal year 2011 and shall grant no rate add-ons to payment rates for capital improvements not requiring a certificate of need and a certificate of capital authorization for fiscal year 2011.

((3))) (4) The long-term care program may develop and pay enhanced rates for exceptional care to nursing homes for persons with traumatic brain injuries who are transitioning from hospital care. The cost per patient day for caring for these clients in a nursing home setting may be equal to or less than the cost of caring for these clients in a hospital setting.

((4))) (5) Within the appropriations of this section, the department shall reduce all seventeen payment levels of the seventeen-level payment system from the fiscal year 2009 levels for boarding homes, boarding homes contracted as assisted living, and

adult family homes. Excluded from the reductions are exceptional care rate add-ons. The long-term care program may develop add-ons to pay exceptional care rates to adult family homes and boarding homes with specialty contracts to provide support for the following specifically eligible clients:

(a) Persons with AIDS or HIV-related diseases who might otherwise require nursing home or hospital care;

(b) Persons with Alzheimer's disease and related dementia who might otherwise require nursing home care; and

(c) Persons with co-occurring mental illness and long-term care needs who are eligible for expanded community services and who might otherwise require state and local psychiatric hospital care.

Within amounts appropriated, exceptional add-on rates for AIDS/HIV, dementia specialty care, and expanded community services may be standardized within each program.

((5))) (6)(a) Amounts appropriated in this section reflect a reduction to funds appropriated for in-home care. The department shall reduce the number of in-home hours authorized. The reduction shall be scaled based on the acuity level of care recipients. The largest hour reductions shall be to lower acuity patients and the smallest hour reductions shall be to higher acuity patients. In doing so, the department shall comply with all maintenance of effort requirements contained in the American reinvestment and recovery act.

(b) \$3,070,000 of the general fund--state appropriation for fiscal year 2011 and \$4,980,000 of the general fund--federal appropriation are provided solely for the department to partially restore the reduction to in-home care that are taken in (a) of this subsection. The department will use the same formula to restore personal care hours that it used to reduce personal care hours.

((6))) (7) \$536,000 of the general fund--state appropriation for fiscal year 2010, \$1,477,000 of the general fund--state appropriation for fiscal year 2011, and \$2,830,000 of the general fund--federal appropriation are provided solely for health care benefits pursuant to a collective bargaining agreement negotiated with the exclusive bargaining representative of individual providers established under RCW 74.39A.270.

((7))) (8)(a) \$1,212,000 of the general fund--state appropriation for fiscal year 2010, \$2,934,000 of the general fund--state appropriation for fiscal year 2011, and \$2,982,000 of the general fund--federal appropriation are provided solely for the state's contribution to the training partnership, as provided in RCW 74.39A.360, pursuant to a collective bargaining agreement negotiated with the exclusive bargaining representative of individual providers established under RCW 74.39A.270.

(b) \$330,000 of the general fund--state appropriation for fiscal year 2010, \$660,000 of the general fund--state appropriation for fiscal year 2011, and \$810,000 of the general fund--federal appropriation are provided solely for transfer from the department to the training partnership, as provided in RCW 74.39A.360, for infrastructure and instructional costs associated with training of individual providers, pursuant to a collective bargaining agreement negotiated with the exclusive bargaining representative of individual providers established under RCW 74.39A.270.

(c) The federal portion of the amounts in this subsection is contingent upon federal approval of participation in contributions to the trust and shall remain unallotted and placed in reserve status until the office of financial management and the department of social and health services receive federal approval.

(d) Expenditures for the purposes specified in this subsection shall not exceed the amounts provided in this subsection.

((8))) (9) Within the amounts appropriated in this section, the department may expand the new freedom waiver program to accommodate new waiver recipients throughout the state. As possible, and in compliance with current state and federal laws, the

department shall allow current waiver recipients to transfer to the new freedom waiver.

((9)) (10) Individuals receiving services as supplemental security income (SSI) state supplemental payments shall not become eligible for medical assistance under RCW 74.09.510 due solely to the receipt of SSI state supplemental payments.

((10) Adult day health services shall only be authorized for in home clients.)

(11) \$3,955,000 of the general fund--state appropriation for fiscal year 2010, \$4,239,000 of the general fund--state appropriation for fiscal year 2011, and \$10,190,000 of the general fund--federal appropriation are provided solely for the continued operation of community residential and support services for persons who are older adults or who have co-occurring medical and behavioral disorders and who have been discharged or diverted from a state psychiatric hospital. These funds shall be used to serve individuals whose treatment needs constitute substantial barriers to community placement, who no longer require active psychiatric treatment at an inpatient hospital level of care, and who no longer meet the criteria for inpatient involuntary commitment. Coordination of these services will be done in partnership between the mental health program and the aging and disability services administration.

(12) Within the funds provided, the department shall continue to provide an add-on per medicaid resident day per facility not to exceed \$1.57. The add-on shall be used to increase wages, benefits, and/or staffing levels for certified nurse aides; or to increase wages and/or benefits for dietary aides, housekeepers, laundry aides, or any other category of worker whose statewide average dollars-per-hour wage was less than \$15 in calendar year 2008, according to cost report data. The add-on may also be used to address resulting wage compression for related job classes immediately affected by wage increases to low-wage workers. The department shall continue reporting requirements and a settlement process to ensure that the funds are spent according to this subsection. The department shall adopt rules to implement the terms of this subsection.

(13) \$1,840,000 of the general fund--state appropriation for fiscal year 2010 and \$1,877,000 of the general fund--state appropriation for fiscal year 2011 are provided solely for operation of the volunteer ((here)) services program. Funding shall be prioritized towards serving populations traditionally served by long-term care services to include senior citizens and persons with disabilities.

(14) In accordance with chapter 74.39 RCW, the department may implement two medicaid waiver programs for persons who do not qualify for such services as categorically needy, subject to federal approval and the following conditions and limitations:

(a) One waiver program shall include coverage of care in community residential facilities. Enrollment in the waiver shall not exceed 600 persons at any time.

(b) The second waiver program shall include coverage of in-home care. Enrollment in this second waiver shall not exceed 200 persons at any time.

(c) The department shall identify the number of medically needy nursing home residents, and enrollment and expenditures on each of the two medically needy waivers, on monthly management reports.

(d) If it is necessary to establish a waiting list for either waiver because the budgeted number of enrollment opportunities has been reached, the department shall track how the long-term care needs of applicants assigned to the waiting list are met.

(15) The department shall establish waiting lists to the extent necessary to assure that annual expenditures on the community options program entry systems (COPES) program do not exceed appropriated levels. In establishing and managing any such waiting list, the department shall assure priority access to persons

with the greatest unmet needs, as determined by department assessment processes.

(16) The department shall contract for housing with service models, such as cluster care, to create efficiencies in service delivery and responsiveness to unscheduled personal care needs by clustering hours for clients that live in close proximity to each other.

(17) The department shall not pay a home care agency licensed under chapter 70.127 RCW for personal care services provided by a family member, pursuant to Substitute House Bill No. 2361 (modifying state payments for in-home care).

(18) ((~~\$204,000~~) \$209,000) of the general fund--state appropriation for fiscal year 2010, ((~~\$1,099,000~~) \$781,000) of the general fund--state appropriation for fiscal year 2011, and ((~~\$1,697,000~~) \$1,293,000) of the general fund--federal appropriation are provided solely to implement Engrossed House Bill No. 2194 (extraordinary medical placement for offenders). The department shall work in partnership with the department of corrections to identify services and find placements for offenders who are released through the extraordinary medical placement program. The department shall collaborate with the department of corrections to identify and track cost savings to the department of corrections, including medical cost savings and to identify and track expenditures incurred by the aging and disability services program for community services and by the medical assistance program for medical expenses. A joint report regarding the identified savings and expenditures shall be provided to the office of financial management and the appropriate fiscal committees of the legislature by November 30, 2010. If this bill is not enacted by June 30, 2009, the amounts provided in this subsection shall lapse.

(19) ((Sufficient funding is provided in this section for the department to implement Engrossed Second Substitute House Bill No. 1935 (adult family homes). During the 2009-11 biennium, the initial licensing fee for an adult family home shall be set at \$900.00. During the 2009-11 biennium, the annual licensing renewal fee shall be set at \$100.00.)) In accordance with RCW 18.51.050, 18.20.050, and 43.135.055, the department is authorized to increase nursing facility and boarding home fees in fiscal year 2011 as necessary to meet the actual costs of conducting the licensure, inspection, and regulatory programs.

(a) \$1,035,000 of the general fund--private/local appropriation assumes that the current annual renewal license fee for nursing facilities shall be increased to \$327 per bed beginning in fiscal year 2011.

(b) \$1,806,000 of the general fund--local appropriation assumes that the current annual renewal license fee for boarding homes shall be increased to \$106 per bed beginning in fiscal year 2011.

(20) The department shall, by September 30, 2010, provide a report to the legislature on the implementation of chapter 571, Laws of 2009 (Substitute House Bill No. 2361). The report shall provide an analysis of the savings and/or costs to the agency associated with the implementation of the bill. Additionally, the report shall provide a full accounting of the relative hourly costs of agency providers and individual providers.

(21) The department shall establish a working group with representatives of the home care industry to identify and eliminate or mitigate administrative burdens. The make-up of this working group shall be limited to:

(a) The state unit on aging chief of the aging and disabilities service administration (ADSA);

(b) Other ADSA representatives as the state unit on aging chief deems necessary;

(c) A representative from the department of health facility services licensing;

(d) No more than seven representatives of the home care industry, to include;

(i) A representative of each of the three home care associations;

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- (ii) A for-profit agency with at least seven area agency on aging contracts;
- (iii) A nonprofit with at least seven area agency on aging contracts;
- (iv) An agency that serves persons with developmental disabilities; and
- (v) An agency that is a community action program;
- (e) No more than two area agency on aging directors; and
- (f) Representatives from each of the two labor unions which represent home care workers.

The department is authorized to assign work group members consistent with this subsection. The working group shall hold its first meeting no later than May 1, 2010, and shall meet at least monthly or as needed until the group has accomplished its goals. The work group shall provide a report on its findings to the legislative fiscal committees by January 1, 2011.

(22) \$2,566,000 of the traumatic brain injury account--state appropriation is provided solely to continue services for persons with traumatic brain injury (TBI) as defined in RCW 74.31.020 through 74.31.050. The TBI advisory council shall provide a report to the legislature by December 1, 2010, on the effectiveness of the functions overseen by the council and shall provide recommendations on the development of critical services for individuals with traumatic brain injury.

(23) The automatic award of additional hours of personal care for people with special meal preparation or incontinence needs is eliminated. Authorization of service hours will be based upon the individual's assessed needs.

(24) For calendar year 2009, the department shall calculate split settlements covering two periods January 1, 2009, through June 30, 2009, and July 1, 2009, through December 31, 2009. For the second period beginning July 1, 2009, the department may partially or totally waive settlements only in specific cases where a nursing home can demonstrate significant decreases in costs from the first period.

(25) \$72,000 of the traumatic brain injury account appropriation and \$116,000 of the general fund--federal appropriation are provided solely for a direct care rate add-on to any nursing facility specializing in the care of residents with traumatic brain injuries where more than 50 percent of residents are classified with this condition based upon the federal minimum data set assessment.

(26) \$69,000 of the general fund--state appropriation for fiscal year 2010, \$1,289,000 of the general fund--state appropriation for fiscal year 2011, and \$2,050,000 of the general fund--federal appropriation are provided solely for the department to maintain enrollment in the adult day health services program. New enrollments are authorized for up to 1,575 clients or to the extent that appropriated funds are available to cover additional clients.

(27) \$1,000,000 of the general fund--state appropriation for fiscal year 2011 is provided solely for the department to contract for the provision of an individual provider referral registry.

(28) \$100,000 of the general fund--state appropriation for fiscal year 2011 and \$100,000 of the general fund--federal appropriation are provided solely for the department to contract with a consultant to evaluate and make recommendations on a pay-for-performance payment subsidy system. The department shall organize one workgroup meeting with the consultant where nursing home stakeholders may provide input on pay-for-performance ideas. The consultant shall review pay-for-performance strategies used in other states to sustain and enhance quality-improvement efforts in nursing facilities. The evaluation shall include a review of the centers for medicare and medicaid services demonstration project to explore the feasibility of pay-for-performance systems in medicare certified nursing facilities. The consultant shall develop a report to include:

- (a) Best practices used in other states for pay-for-performance

strategies incorporated into medicaid nursing home payment systems;

- (b) The relevance of existing research to Washington state;
- (c) A summary and review of suggestions for pay-for-performance strategies provided by nursing home stakeholders in Washington state; and
- (d) An evaluation of the effectiveness on a variety of performance measures.

(29) \$4,100,000 of the general fund--state appropriation for fiscal year 2010, \$4,174,000 of the general fund--state appropriation for fiscal year 2011, and \$8,124,000 of the general fund--federal appropriation are provided for the operation of the management services division of the aging and disability services administration. This includes but is not limited to the budget, contracts, accounting, decision support, information technology, and rate development activities for programs administered by the aging and disability services administration. Nothing in this subsection is intended to exempt the management services division of the aging and disability services administration from reductions directed by the secretary. However, funds provided in this subsection shall not be transferred elsewhere within the department nor used for any other purpose.

**Sec. 207.** 2010 c 3 s 206 (uncodified) is amended to read as follows:

**FOR THE DEPARTMENT OF SOCIAL AND HEALTH SERVICES--ECONOMIC SERVICES PROGRAM**

General Fund--State Appropriation (FY 2010).....	<u>(((\$557,452,000))</u>
	<u>\$564,492,000</u>
General Fund--State Appropriation (FY 2011).....	<u>(((\$587,973,000))</u>
	<u>\$581,459,000</u>
General Fund--Federal Appropriation.....	<u>(((\$1,139,899,000))</u>
	<u>\$1,223,832,000</u>
General Fund--Private/Local Appropriation.....	<u>(((\$27,920,000))</u>
	<u>\$31,816,000</u>
Administrative Contingency Account--State Appropriation.....	<u>(((\$29,136,000))</u>
	<u>\$24,336,000</u>
<b>TOTAL APPROPRIATION.....</b>	<u>(((\$2,342,380,000))</u>
	<u>\$2,425,935,000</u>

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

(1) (((\$303,196,000)) \$303,393,000 of the general fund--state appropriation for fiscal year 2010, (((\$309,755,000)) \$285,913,000 of the general fund--state appropriation for fiscal year 2011, (((\$29,136,000)) \$24,336,000 of the administrative contingency account--state appropriation, and \$778,606,000 of the general fund--federal appropriation are provided solely for all components of the WorkFirst program. The department shall use moneys from the administrative contingency account for WorkFirst job placement services provided by the employment security department. Within the amounts provided for the WorkFirst program, the department may provide assistance using state-only funds for families eligible for temporary assistance for needy families. In addition, within the amounts provided for WorkFirst the department shall:

- (a) Establish a career services work transition program;
- (b) Continue to implement WorkFirst program improvements that are designed to achieve progress against outcome measures specified in RCW 74.08A.410. Outcome data regarding job retention and wage progression shall be reported quarterly to appropriate fiscal and policy committees of the legislature for families who leave assistance, measured after 12 months, 24 months, and 36 months. The department shall also report the percentage of families who have returned to temporary assistance for needy families after 12 months, 24 months, and 36 months;
- (c) Submit a report electronically by October 1, 2009, to the fiscal committees of the legislature containing a spending plan for

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the WorkFirst program. The plan shall identify how spending levels in the 2009-2011 biennium will be adjusted to stay within available federal grant levels and the appropriated state-fund levels;

(d) Provide quarterly fiscal reports to the office of financial management and the legislative fiscal committees detailing information on the amount expended from general fund--state and general fund--federal by activity;

(e) Maintain the fiscal year 2009 grant standard for the temporary assistance for needy families grant.

(2) The WorkFirst subcabinet, in partnership with the department of social and health services, shall review and prepare a report on services provided and accessed by both general population clients and limited English proficiency clients. The review shall include information on efficiencies and outcomes related to client services for each client population. The report should identify services and expenditures related to client outcomes in fiscal year 2010. The report on these programs and client outcomes shall be reported to the appropriate committees of the legislature no later than December 15, 2010.

(3) The department and the office of financial management shall electronically report quarterly the expenditures, maintenance of effort allotments, expenditure amounts, and caseloads for the WorkFirst program to the legislative fiscal committees.

((3)) (4) \$16,783,000 of the general fund--state appropriation for fiscal year 2011 and \$62,000,000 of the general fund--federal appropriation are provided solely for all components of the WorkFirst program in order to maintain services to January 2011. The legislature intends to work with the governor to design and implement fiscal and programmatic modifications to provide for the sustainability of the program. The funding in this subsection assumes that no other expenditure reductions will be made prior to January 2011 other than those assumed in the appropriation levels in this act.

(5) ((-\$84,856,000)) \$94,322,000 of the general fund--state appropriation for fiscal year 2010 and ((-\$95,173,000)) \$97,168,000 of the general fund--state appropriation for fiscal year 2011, net of recoveries, are provided solely for cash assistance and other services to recipients in the ((general assistance unemployable program)) cash program pursuant to chapter 8, Laws of 2010 1st sp. sess. (security lifeline act), including persons in the unemployable, expedited, and aged, blind, and disabled components of the program. It is the intent of the legislature that the lifeline incapacity determination and progressive evaluation process regulations be carefully designed to accurately identify those persons who have been or will be incapacitated for at least ninety days. The incapacity determination and progressive evaluation process regulations in effect on January 1, 2010, cannot be amended until at least September 30, 2010; except that provisions related to the use of administrative review teams may be amended, and obsolete terminology and functional assessment language may be updated on or after July 1, 2010, in a manner that only minimally impacts the outcome of incapacity evaluations. After September 30, 2010, the incapacity determination and progressive evaluation process regulations may be amended only if the reports under (a) and (b) of this subsection have been submitted, and find that expenditures will exceed the appropriated level by three percent or more.

(a) The department and the caseload forecast council shall, by September 21, 2010, submit a report to the legislature based upon the most recent caseload forecast and actual expenditure data available, as to whether expenditures for the lifeline-unemployable grants in fiscal year 2011 will exceed \$69,648,000 for fiscal year 2011 in the 2010 supplemental operating budget by three percent or more. If expenditures will exceed the appropriated amount for lifeline-unemployable grants by three percent or more, the department may adopt regulations modifying incapacity determination and progressive evaluation process regulations after

September 30, 2010.

(b) On or before September 21, 2010, the department shall submit a report to the relevant policy and fiscal committees of the legislature that includes the following information regarding any regulations proposed for adoption that would modify the lifeline incapacity determination and progressive evaluation process:

(i) A copy of the proposed changes and a concise description of the changes;

(ii) A description of the persons who would likely be affected by adoption of the regulations, including their impairments, age, education, and work history;

(iii) An estimate of the number of persons who, on a monthly basis through June 2013, would be denied lifeline benefits if the regulations were adopted, expressed as a number, as a percentage of total applicants, and as a percentage of the number of persons granted lifeline benefits in each month;

(iv) An estimate of the number of persons who, on a monthly basis through June 2013, would have their lifeline benefits terminated following an eligibility review if the regulations were adopted, expressed as a number, as a percentage of the number of persons who have had an eligibility review in each month, and as a percentage of the total number of persons currently receiving lifeline-unemployable benefits in each month; and

(v) Intended improvements in employment or treatment outcomes among persons receiving lifeline benefits that could be attributable to the changes in the regulations.

(c) Within these amounts:

((4)) (i) The department shall aggressively pursue opportunities to transfer ((general assistance unemployable)) lifeline clients to general assistance expedited coverage and to facilitate client applications for federal supplemental security income when the client's incapacities indicate that he or she would be likely to meet the federal disability criteria for supplemental security income. The department shall initiate and file the federal supplemental security income interim agreement as quickly as possible in order to maximize the recovery of federal funds;

((5)) (ii) The department shall review the ((general assistance)) lifeline caseload to identify recipients that would benefit from assistance in becoming naturalized citizens, and thus be eligible to receive federal supplemental security income benefits. Those cases shall be given high priority for naturalization funding through the department;

((6)) (iii) The department shall actively coordinate with local workforce development councils to expedite access to worker retraining programs for ((general assistance unemployable)) lifeline clients in those regions of the state with the greatest number of such clients;

((7)) (iv) By July 1, 2009, the department shall enter into an interagency agreement with the department of veterans' affairs to establish a process for referral of veterans who may be eligible for veteran's services. This agreement must include outstationing department of veterans' affairs staff in selected community service office locations in King and Pierce counties to facilitate applications for veterans' services; and

((8)) (v) In addition to any earlier evaluation that may have been conducted, the department shall intensively evaluate those clients who have been receiving ((general assistance unemployable)) lifeline benefits for twelve months or more as of July 1, 2009, or thereafter, if the available medical and incapacity related evidence indicates that the client is unlikely to meet the disability standard for federal supplemental security income benefits. The evaluation shall identify services necessary to eliminate or minimize barriers to employment, including mental health treatment, substance abuse treatment and vocational rehabilitation services. The department shall expedite referrals to

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chemical dependency treatment, mental health and vocational rehabilitation services for these clients.

((#)) (vi) The appropriations in this subsection reflect a change in the earned income disregard policy for ((general assistance unemployable)) lifeline clients. It is the intent of the legislature that the department shall adopt the temporary assistance for needy families earned income policy for ((general assistance unemployable)) the lifeline program.

((4)) (6) \$750,000 of the general fund--state appropriation for fiscal year 2010 and \$750,000 of the general fund--state appropriation for fiscal year 2011 are provided solely for naturalization services.

((5)) (7)(a) \$3,550,000 of the general fund--state appropriation for fiscal year 2010 is provided solely for refugee employment services, of which \$2,650,000 is provided solely for the department to pass through to statewide refugee assistance organizations for limited English proficiency pathway services; and \$3,550,000 of the general fund--state appropriation for fiscal year 2011 is provided solely for refugee employment services, of which \$2,650,000 is provided solely for the department to pass through to statewide refugee assistance organizations for limited English proficiency pathway services.

(b) The legislature intends that the appropriation in this subsection for the 2009-11 fiscal biennium will maintain funding for refugee programs at a level at least equal to expenditures on these programs in the 2007-09 fiscal biennium.

((6)) (8) The appropriations in this section reflect reductions in the appropriations for the economic services administration's administrative expenses. It is the intent of the legislature that these reductions shall be achieved, to the greatest extent possible, by reducing those administrative costs that do not affect direct client services or direct service delivery or program.

(9) \$855,000 of the general fund--state appropriation for fiscal year 2011, \$719,000 of the general fund--federal appropriation, and \$2,907,000 of the general fund--private/local appropriation are provided solely for the implementation of the opportunity portal, the food stamp employment and training program, and the disability lifeline program under Second Substitute House Bill No. 2782 (security lifeline act). If the bill is not enacted by June 30, 2010, the amounts provided in this subsection shall lapse.

(10) \$200,000 of the general fund--state appropriation for fiscal year 2011 is provided solely for the department to award grants to small mutual assistance or small community-based organizations that contract with the department for immigrant and refugee assistance services. The funds shall be awarded to provide funding for community groups to provide transitional assistance, language skills, and other resources to improve refugees' economic self-sufficiency through the effective use of social services, financial services, and medical assistance.

(11) \$250,000 of the general fund--state appropriation for fiscal year 2010 is provided solely for increased funding for limited English proficiency pathway programs.

**Sec. 208.** 2010 c 3 s 207 (uncodified) is amended to read as follows:

#### FOR THE DEPARTMENT OF SOCIAL AND HEALTH SERVICES--ALCOHOL AND SUBSTANCE ABUSE PROGRAM

General Fund--State Appropriation (FY 2010).....	(((\$82,028,000)))
	\$81,982,000
General Fund--State Appropriation (FY 2011).....	(((\$84,682,000)))
	\$82,393,000
General Fund--Federal Appropriation.....	(((\$145,604,000)))
	\$148,034,000
General Fund--Private/Local Appropriation.....	(((\$2,719,000)))
	\$2,718,000

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Criminal Justice Treatment Account--State Appropriation.....	(((\$17,747,000)))
	\$17,743,000
Problem Gambling Account--State Appropriation.....	(((\$1,459,000)))
	\$1,456,000
TOTAL APPROPRIATION.....	(((\$334,239,000)))
	\$334,326,000

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

(1) Within the amounts appropriated in this section, the department may contract with the University of Washington and community-based providers for the provision of the parent-child assistance program. For all contractors, indirect charges for administering the program shall not exceed ten percent of the total contract amount.

(2) Within the amounts appropriated in this section, the department shall continue to provide for chemical dependency treatment services for adult medicaid eligible and general assistance-unemployable patients.

(3) In addition to other reductions, the appropriations in this section reflect reductions targeted specifically to state government administrative costs. These administrative reductions shall be achieved, to the greatest extent possible, by reducing those administrative costs that do not affect direct client services or direct service delivery or programs.

(4) \$2,247,000 of the general fund--state appropriation for fiscal year 2011 is provided solely for the implementation of the lifeline program under Second Substitute House Bill No. 2782 (security lifeline act). If the bill is not enacted by June 30, 2010, the amount provided in this subsection shall lapse.

(5) \$3,500,000 of the general fund--federal appropriation (from the substance abuse prevention and treatment federal block grant) is provided solely for the continued funding of existing county drug and alcohol use prevention programs.

**Sec. 209.** 2010 c 3 s 208 (uncodified) is amended to read as follows:

#### FOR THE DEPARTMENT OF SOCIAL AND HEALTH SERVICES--MEDICAL ASSISTANCE PROGRAM

General Fund--State Appropriation (FY 2010).....	(((\$1,598,043,000)))
	\$1,697,203,000
General Fund--State Appropriation (FY 2011).....	(((\$1,985,797,000)))
	\$1,789,973,000
General Fund--Federal Appropriation.....	(((\$5,212,855,000)))
	\$6,086,632,000
General Fund--Private/Local Appropriation.....	(((\$12,903,000)))
	\$37,249,000

#### Emergency Medical Services and Trauma Care Systems

Trust Account--State Appropriation.....	(((\$15,076,000)))
	\$15,075,000

Tobacco Prevention and Control Account--State Appropriation.....	(((\$3,766,000)))
	\$4,464,000

Hospital Safety Net Assessment Fund--State Appropriation.....	\$260,036,000
TOTAL APPROPRIATION.....	(((\$8,828,440,000)))
	\$9,890,632,000

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

(1) Based on quarterly expenditure reports and caseload forecasts, if the department estimates that expenditures for the medical assistance program will exceed the appropriations, the department shall take steps including but not limited to reduction of rates or elimination of optional services to reduce expenditures so that total program costs do not exceed the annual appropriation authority.

(2) In determining financial eligibility for medicaid-funded services, the department is authorized to disregard recoveries by Holocaust survivors of insurance proceeds or other assets, as defined in RCW 48.104.030.

(3) The legislature affirms that it is in the state's interest for Harborview medical center to remain an economically viable component of the state's health care system.

(4) When a person is ineligible for medicaid solely by reason of residence in an institution for mental diseases, the department shall provide the person with the same benefits as he or she would receive if eligible for medicaid, using state-only funds to the extent necessary.

(5) In accordance with RCW 74.46.625, \$6,000,000 of the general fund--federal appropriation is provided solely for supplemental payments to nursing homes operated by public hospital districts. The public hospital district shall be responsible for providing the required nonfederal match for the supplemental payment, and the payments shall not exceed the maximum allowable under federal rules. It is the legislature's intent that the payments shall be supplemental to and shall not in any way offset or reduce the payments calculated and provided in accordance with part E of chapter 74.46 RCW. It is the legislature's further intent that costs otherwise allowable for rate-setting and settlement against payments under chapter 74.46 RCW shall not be disallowed solely because such costs have been paid by revenues retained by the nursing home from these supplemental payments. The supplemental payments are subject to retrospective interim and final cost settlements based on the nursing homes' as-filed and final medicare cost reports. The timing of the interim and final cost settlements shall be at the department's discretion. During either the interim cost settlement or the final cost settlement, the department shall recoup from the public hospital districts the supplemental payments that exceed the medicaid cost limit and/or the medicare upper payment limit. The department shall apply federal rules for identifying the eligible incurred medicaid costs and the medicare upper payment limit.

(6) \$1,110,000 of the general fund--federal appropriation and \$1,105,000 of the general fund--state appropriation for fiscal year 2011 are provided solely for grants to rural hospitals. The department shall distribute the funds under a formula that provides a relatively larger share of the available funding to hospitals that (a) serve a disproportionate share of low-income and medically indigent patients, and (b) have relatively smaller net financial margins, to the extent allowed by the federal medicaid program.

(7) \$9,818,000 of the general fund--state appropriation for fiscal year 2011, and \$9,865,000 of the general fund--federal appropriation are provided solely for grants to nonrural hospitals. The department shall distribute the funds under a formula that provides a relatively larger share of the available funding to hospitals that (a) serve a disproportionate share of low-income and medically indigent patients, and (b) have relatively smaller net financial margins, to the extent allowed by the federal medicaid program.

(8) The department shall continue the inpatient hospital certified public expenditures program for the 2009-11 biennium. The program shall apply to all public hospitals, including those owned or operated by the state, except those classified as critical access hospitals or state psychiatric institutions. The department shall submit reports to the governor and legislature by November 1, 2009, and by November 1, 2010, that evaluate whether savings continue to exceed costs for this program. If the certified public expenditures (CPE) program in its current form is no longer cost-effective to maintain, the department shall submit a report to the governor and legislature detailing cost-effective alternative uses of local, state, and federal resources as a replacement for this program. During fiscal year 2010 and fiscal year 2011, hospitals in the program shall

be paid and shall retain one hundred percent of the federal portion of the allowable hospital cost for each medicaid inpatient fee-for-service claim payable by medical assistance and one hundred percent of the federal portion of the maximum disproportionate share hospital payment allowable under federal regulations. Inpatient medicaid payments shall be established using an allowable methodology that approximates the cost of claims submitted by the hospitals. Payments made to each hospital in the program in each fiscal year of the biennium shall be compared to a baseline amount. The baseline amount will be determined by the total of (a) the inpatient claim payment amounts that would have been paid during the fiscal year had the hospital not been in the CPE program based on the reimbursement rates developed, implemented, and consistent with policies approved in the 2009-11 biennial operating appropriations act (chapter 564, Laws of 2009) and in effect on July 1, 2009, (b) one half of the indigent assistance disproportionate share hospital payment amounts paid to and retained by each hospital during fiscal year 2005, and (c) all of the other disproportionate share hospital payment amounts paid to and retained by each hospital during fiscal year 2005 to the extent the same disproportionate share hospital programs exist in the 2009-11 biennium. If payments during the fiscal year exceed the hospital's baseline amount, no additional payments will be made to the hospital except the federal portion of allowable disproportionate share hospital payments for which the hospital can certify allowable match. If payments during the fiscal year are less than the baseline amount, the hospital will be paid a state grant equal to the difference between payments during the fiscal year and the applicable baseline amount. Payment of the state grant shall be made in the applicable fiscal year and distributed in monthly payments. The grants will be recalculated and redistributed as the baseline is updated during the fiscal year. The grant payments are subject to an interim settlement within eleven months after the end of the fiscal year. A final settlement shall be performed. To the extent that either settlement determines that a hospital has received funds in excess of what it would have received as described in this subsection, the hospital must repay the excess amounts to the state when requested. \$20,403,000 of the general fund--state appropriation for fiscal year 2010, of which \$6,570,000 ((of the general fund--state appropriation for fiscal year 2010, which)) is appropriated in section 204(1) of this act, and (((\$1,500,000 of the general fund--state appropriation for fiscal year 2011, which)) \$29,480,000 of the general fund--state appropriation for fiscal year 2011, of which \$6,570,000 is appropriated in section 204(1) of this act, are provided solely for state grants for the participating hospitals. ((Sufficient amounts are appropriated in this section for the remaining state grants for the participating hospitals.)) CPE hospitals will receive the inpatient and outpatient reimbursement rate restorations in section 9 and rate increases in section 10(1)(b) of Engrossed Second Substitute House Bill No. 2956 (hospital safety net assessment) funded through the hospital safety net assessment fund rather than through the baseline mechanism specified in this subsection.

(9) The department is authorized to use funds appropriated in this section to purchase goods and supplies through direct contracting with vendors when the department determines it is cost-effective to do so.

(10) \$93,000 of the general fund--state appropriation for fiscal year 2010 and \$93,000 of the general fund--federal appropriation are provided solely for the department to pursue a federal Medicaid waiver pursuant to Second Substitute Senate Bill No. 5945 (Washington health partnership plan). If the bill is not enacted by June 30, 2009, the amounts provided in this subsection shall lapse.

(11) The department shall require managed health care systems that have contracts with the department to serve medical assistance clients to limit any reimbursements or payments the systems make to providers not employed by or under contract with the systems to

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no more than the medical assistance rates paid by the department to providers for comparable services rendered to clients in the fee-for-service delivery system.

(12) A maximum of ~~(((\$166,875,000 of the general fund state appropriation and \$38,389,000 of the general fund federal)) \$241,141,000 in total funds from the general fund--state, general fund--federal, and tobacco and prevention control account--state appropriations~~ may be expended in the fiscal biennium for the ~~((general assistance unemployable))~~ medical program pursuant to chapter 8, Laws of 2010 1st sp. sess. (security lifeline act), and these amounts are provided solely for this program. Of these amounts, \$10,749,000 of the general fund--state appropriation for fiscal year 2010 and \$10,892,000 of the general fund--federal appropriation are provided solely for payments to hospitals for providing outpatient services to low income patients who are recipients of ~~((general assistance unemployable))~~ lifeline benefits. Pursuant to RCW 74.09.035, the department shall not expend for the ~~((general assistance))~~ lifeline medical care services program any amounts in excess of the amounts provided in this subsection.

~~((If the department determines that it is feasible within the amounts provided in subsection (16) of this section, and without the loss of federal disproportionate share hospital funds, the department shall contract with the carrier currently operating a managed care pilot project for the provision of medical care services to general assistance unemployable clients.))~~ Mental health services shall be included in the services provided through the managed care system~~((. If the department determines that it is feasible, effective October 1, 2009, in addition to serving clients in the pilot counties, the carrier shall expand managed care services to clients residing in at least the following counties: Spokane, Yakima, Chelan, Kitsap, and Cowlitz. If the department determines that it is feasible, the carrier shall complete implementation into the remaining counties. Total per person costs to the state, including outpatient and inpatient services and any additional costs due to stop loss agreements, shall not exceed the per capita payments projected for the general assistance unemployable eligibility category, by fiscal year, in the February 2009 medical assistance expenditures forecast))~~ for lifeline clients under chapter 8, Laws of 2010 1st sp. sess. In transitioning lifeline clients to managed care, the department shall attempt to deliver care to lifeline clients through medical homes in community and migrant health centers. The department, in collaboration with the carrier, shall seek to improve the transition rate of ~~((general assistance))~~ lifeline clients to the federal supplemental security income program. The department shall renegotiate the contract with the managed care plan that provides services for lifeline clients to maximize state retention of future hospital savings as a result of improved care coordination. The department, in collaboration with stakeholders, shall propose a new name for the lifeline program.

(14) The department shall evaluate the impact of the use of a managed care delivery and financing system on state costs, savings, and outcomes for ~~((general assistance))~~ lifeline medical clients. Outcomes measured shall include state costs, utilization, changes in mental health status and symptoms, and involvement in the criminal justice system. Outcomes measured shall also include the total costs or savings resulting from utilization changes due to care management, and how much of those costs or savings accrued to the state and the managed care organization. The department shall provide a report on these outcomes to the relevant policy and fiscal committees of the legislature by November 1, 2010. Monthly encounter data shall be included in the report.

(15) The department shall report to the governor and the fiscal committees of the legislature by June 1, 2010, on its progress toward achieving a twenty percentage point increase in the generic prescription drug utilization rate.

(16) State funds shall not be used by hospitals for advertising purposes.

(17) ~~\$24,356,000 of the general fund--private/local appropriation and \$35,707,000 of the general fund--federal appropriation are provided solely for the implementation of professional services supplemental payment programs.~~ The department shall seek a medicaid state plan amendment to create a professional services supplemental payment program for University of Washington medicine professional providers no later than July 1, 2009. The department shall apply federal rules for identifying the shortfall between current fee-for-service medicaid payments to participating providers and the applicable federal upper payment limit. Participating providers shall be solely responsible for providing the local funds required to obtain federal matching funds. Any incremental costs incurred by the department in the development, implementation, and maintenance of this program will be the responsibility of the participating providers. Participating providers will retain the full amount of supplemental payments provided under this program, net of any potential costs for any related audits or litigation brought against the state. The department shall report to the governor and the legislative fiscal committees on the prospects for expansion of the program to other qualifying providers as soon as feasibility is determined but no later than December 31, 2009. The report will outline estimated impacts on the participating providers, the procedures necessary to comply with federal guidelines, and the administrative resource requirements necessary to implement the program. The department will create a process for expansion of the program to other qualifying providers as soon as it is determined feasible by both the department and providers but no later than June 30, 2010.

(18) ~~(((\$9,350,000)) \$9,075,000 of the general fund--state appropriation for fiscal year 2010, (((\$8,313,000)) \$8,588,000 of the general fund--state appropriation for fiscal year 2011, and (\$20,371,000)) \$39,747,000 of the general fund--federal appropriation~~ are provided solely for development and implementation of a replacement system for the existing medicaid management information system. The amounts provided in this subsection are conditioned on the department satisfying the requirements of section 902 of this act.

(19) \$506,000 of the general fund--state appropriation for fiscal year 2011 and \$657,000 of the general fund--federal appropriation are provided solely for the implementation of Second Substitute House Bill No. 1373 (children's mental health). If the bill is not enacted by June 30, 2009, the amounts provided in this subsection shall lapse.

(20) Pursuant to 42 U.S.C. Sec. 1396(a)(25), the department shall pursue insurance claims on behalf of medicaid children served through its in-home medically intensive child program under WAC 388-551-3000. The department shall report to the Legislature by December 31, 2009, on the results of its efforts to recover such claims.

(21) The department may, on a case-by-case basis and in the best interests of the child, set payment rates for medically intensive home care services to promote access to home care as an alternative to hospitalization. Expenditures related to these increased payments shall not exceed the amount the department would otherwise pay for hospitalization for the child receiving medically intensive home care services.

(22) \$425,000 of the general fund--state appropriation for fiscal year 2010~~((, \$425,000 of the general fund--state appropriation for fiscal year 2011,))~~ and ~~(((\$1,580,000)) \$790,000 of the general fund--federal appropriation~~ are provided solely to continue children's health coverage outreach and education efforts under RCW 74.09.470. These efforts shall rely on existing relationships and systems developed with local public health agencies, health care

providers, public schools, the women, infants, and children program, the early childhood education and assistance program, child care providers, newborn visiting nurses, and other community-based organizations. The department shall seek public-private partnerships and federal funds that are or may become available to provide on-going support for outreach and education efforts under the federal children's health insurance program reauthorization act of 2009.

(23) The department, in conjunction with the office of financial management, shall ((reduce outpatient and inpatient hospital rates and)) implement a prorated inpatient payment policy. ((In determining the level of reductions needed, the department shall include in its calculations services paid under fee for service, managed care, and certified public expenditure payment methods; but reductions shall not apply to payments for psychiatric inpatient services or payments to critical access hospitals.))

(24) The department will pursue a competitive procurement process for antihemophilic products, emphasizing evidence-based medicine and protection of patient access without significant disruption in treatment.

(25) The department will pursue several strategies towards reducing pharmacy expenditures including but not limited to increasing generic prescription drug utilization by 20 percentage points and promoting increased utilization of the existing mail-order pharmacy program.

(26) The department shall reduce reimbursement for over-the-counter medications while maintaining reimbursement for those over-the-counter medications that can replace more costly prescription medications.

(27) The department shall seek public-private partnerships and federal funds that are or may become available to implement health information technology projects under the federal American recovery and reinvestment act of 2009.

(28) The department shall target funding for maternity support services towards pregnant women with factors that lead to higher rates of poor birth outcomes, including hypertension, a preterm or low birth weight birth in the most recent previous birth, a cognitive deficit or developmental disability, substance abuse, severe mental illness, unhealthy weight or failure to gain weight, tobacco use, or African American or Native American race.

(29) \$260,036,000 of the hospital safety net assessment fund-state appropriation and \$255,448,000 of the general fund-federal appropriation are provided solely for the implementation of Engrossed Second Substitute House Bill No. 2956 (hospital safety net assessment). If the bill is not enacted by June 30, 2010, the amounts provided in this subsection shall lapse.

(30) \$79,000 of the general fund-state appropriation for fiscal year 2010 and \$53,000 of the general fund-federal appropriation are provided solely to implement Substitute House Bill No. 1845 (medical support obligations).

((30))) (31) \$63,000 of the general fund-state appropriation for fiscal year 2010, \$583,000 of the general fund-state appropriation for fiscal year 2011, and \$864,000 of the general fund-federal appropriation are provided solely to implement Engrossed House Bill No. 2194 (extraordinary medical placement for offenders). The department shall work in partnership with the department of corrections to identify services and find placements for offenders who are released through the extraordinary medical placement program. The department shall collaborate with the department of corrections to identify and track cost savings to the department of corrections, including medical cost savings, and to identify and track expenditures incurred by the aging and disability services program for community services and by the medical assistance program for medical expenses. A joint report regarding the identified savings and expenditures shall be provided to the office of financial management and the appropriate fiscal committees of the legislature

by November 30, 2010. If this bill is not enacted by June 30, 2009, the amounts provided in this subsection shall lapse.

((31))) (32) \$73,000 of the general fund-state appropriation for fiscal year 2011 and \$50,000 of the general fund-federal appropriation is provided solely for supplemental services that will be provided to offenders in lieu of a prison sentence pursuant to chapter 224, Laws of 2010 (Substitute Senate Bill No. 6639).

(33) Sufficient amounts are provided in this section to provide full benefit dual eligible beneficiaries with medicare part D prescription drug copayment coverage in accordance with RCW 74.09.520.

(34) In addition to other reductions, the appropriations in this section reflect reductions targeted specifically to state government administrative costs. These administrative reductions shall be achieved, to the greatest extent possible, by reducing those administrative costs that do not affect providers, direct client services, or direct service delivery or programs.

(35) The department shall contract with an organization that provides medication therapy management services to increase the use of lower cost alternative medications, improve patient compliance with prescribed regimens, reduce harmful side effects from medication, and ensure that medications achieve their desired therapeutic results. The department shall not contract for these services unless the contractor guarantees that the services will generate savings, as measured by the department's actual experience after implementation, that are greater than the cost of the contracted services.

(36) \$331,000 of the general fund-state appropriation for fiscal year 2010, \$331,000 of the general fund-state appropriation for fiscal year 2011, and \$1,228,000 of the general fund-federal appropriation are provided solely for the department to support the activities of the Washington poison center. The department shall seek federal authority to receive matching funds from the federal government through the children's health insurance program.

(37) \$528,000 of the general fund-state appropriation and \$2,955,000 of the general fund-federal appropriation are provided solely for the implementation of the lifeline program under chapter 8, Laws of 2010 1st sp. sess. (security lifeline act).

(38) If the cost of a brand name drug, after receiving discounted prices and rebates, is less than the cost of the generic version of the drug for the medical assistance program, the brand name drug shall be purchased.

(39) The department shall propose a new medicaid prescription drug pricing benchmark to replace the average wholesale price (AWP), and report on the transition plan, the potential impact on stakeholders, and impact on state expenditures for the 2011-13 biennium to the governor and the fiscal committees of the legislature by November 1, 2010. This effort will include collaboration with stakeholders and be consistent with the recommendations of the American medicaid pharmacy administrators association and the national association of medicaid directors working group on post-AWP pricing and reimbursement.

(40) Sufficient amounts are provided in this section to provide medicaid school-based medical services.

(41) The department shall pursue all opportunities to maximize discounted drug pricing through the 340B drug pricing program in section 340B of the public health service act. The department shall report its findings to the governor and the fiscal committees of the legislature by December 1, 2010.

(42) The department shall develop a transition plan from a fee-for-service delivery system to a managed care delivery system for aged, blind, and disabled clients eligible for medical assistance coverage by June 1, 2011.

(43) Reductions in dental services are to be achieved by focusing on the fastest growing areas of dental care. Reductions in preventative care, particularly for children, will be avoided to the

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extent possible.

(44) The department shall develop the capability to implement apple health for kids express lane eligibility enrollments for children receiving basic food assistance by June 30, 2011.

(45)(a) The department, in coordination with the health care authority, shall actively continue to negotiate a medicaid section 1115 waiver with the federal centers for medicare and medicaid services that would provide federal matching funds for services provided to persons enrolled in the basic health plan under chapter 70.47 RCW and the medical care services program under RCW 74.09.035.

(b) If the waiver in (a) of this subsection is granted, the department and the health care authority may implement the waiver if it allows the program to remain within appropriated levels, after providing notice of its terms and conditions to the relevant policy and fiscal committees of the legislature in writing thirty days prior to the planned implementation date of the waiver.

(46) \$704,000 of the general fund--state appropriation for fiscal year 2010, \$812,000 of the general fund--state appropriation for fiscal year 2011, and \$1,516,000 of the general fund--federal appropriation are provided solely for maintaining employer-sponsored insurance program staff, coordination of benefits unit staff, the payment integrity audit team, and family planning nursing.

(47) For healthy options managed care rates established on or after July 1, 2010, the department shall pay health plans operating in the same county the same base capitation rates for that county, with plan-specific adjustments related to risk characteristics of the plan's members including age, gender, and diagnostic-based risk adjustments, such as chronic disability payment system risk scores. The department shall provide preliminary rates for the upcoming fiscal year to all the healthy options plans and the fiscal committees of the legislature by September 30, 2010.

(48) Every effort shall be made to maintain current employment levels and achieve administrative savings through vacancies and employee attrition. Efficiencies shall be implemented as soon as possible in order to minimize actual reduction in force. The department shall implement a management strategy that minimizes disruption of service and negative impacts on employees.

**Sec. 210.** 2010 c 3 s 209 (uncodified) is amended to read as follows:

**FOR THE DEPARTMENT OF SOCIAL AND HEALTH SERVICES--VOCATIONAL REHABILITATION PROGRAM**

General Fund--State Appropriation (FY 2010).....	(( <u>\$10,451,000</u> ))
	<u>\$10,327,000</u>
General Fund--State Appropriation (FY 2011).....	(( <u>\$10,125,000</u> ))
	<u>\$10,077,000</u>
General Fund--Federal Appropriation.....	(( <u>\$83,534,000</u> ))
	<u>\$107,961,000</u>

Telecommunications Devices for the Hearing and Speech Impaired--State Appropriation.....	(( <u>\$1,979,000</u> ))
	<u>\$5,976,000</u>
TOTAL APPROPRIATION.....	<u>((<u>\$106,089,000</u>))</u>
	<u><u>\$134,341,000</u></u>

The appropriations in this section are subject to the following conditions and limitations: The vocational rehabilitation program shall coordinate closely with the economic services program to serve ((general assistance unemployed)) lifeline clients under chapter 8, Laws of 2010 1st sp. sess., who are referred for eligibility determination and vocational rehabilitation services, and shall make every effort, within the requirements of the federal rehabilitation act of 1973, to serve these clients.

**Sec. 211.** 2010 c 3 s 210 (uncodified) is amended to read as follows:

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**FOR THE DEPARTMENT OF SOCIAL AND HEALTH SERVICES--SPECIAL COMMITMENT PROGRAM**  
 General Fund--State Appropriation (FY 2010).....((\$49,818,000))  
\$48,827,000  
 General Fund--State Appropriation (FY 2011).....((\$47,259,000))  
\$46,922,000  
 TOTAL APPROPRIATION.....((\$97,077,000))  
\$95,749,000

**Sec. 212.** 2010 c 3 s 211 (uncodified) is amended to read as follows:

**FOR THE DEPARTMENT OF SOCIAL AND HEALTH SERVICES--ADMINISTRATION AND SUPPORTING SERVICES PROGRAM**  
 General Fund--State Appropriation (FY 2010).....((\$34,425,000))  
\$33,604,000  
 General Fund--State Appropriation (FY 2011).....((\$34,627,000))  
\$29,407,000  
 General Fund--Federal Appropriation.....((\$55,169,000))  
\$51,119,000  
 General Fund--Private/Local Appropriation.....((\$1,526,000))  
\$1,121,000  
 Institutional Impact Account--State Appropriation.....  
 TOTAL APPROPRIATION.....((\$125,747,000))  
\$115,273,000

The appropriations in this section are subject to the following conditions and limitations: In addition to other reductions, the appropriations in this section reflect reductions targeted specifically to state government administrative costs. These administrative reductions shall be achieved, to the greatest extent possible, by reducing those administrative costs that do not affect direct client services or direct service delivery or programs.

(1) ((\$150,000)) \$333,000 of the general fund--state appropriation for fiscal year 2010 and ((\$150,000)) \$300,000 of the general fund--state appropriation for fiscal year 2011 are provided solely for the Washington state mentors program to continue its public-private partnerships to provide technical assistance and training to mentoring programs that serve at-risk youth.

(2) \$445,000 of the general fund--state appropriation for fiscal year 2010 and \$445,000 of the general fund--state appropriation for fiscal year 2011 are provided solely for funding of the teamchild project through the governor's juvenile justice advisory committee.

(3) \$178,000 of the general fund--state appropriation for fiscal year 2010 and \$178,000 of the general fund--state appropriation for fiscal year 2011 are provided solely for the juvenile detention alternatives initiative.

(4) Amounts appropriated in this section reflect a reduction to the family policy council. The family policy council shall reevaluate staffing levels and administrative costs to ensure to the extent possible a maximum ratio of grant moneys provided and administrative costs.

(5) Amounts appropriated in this section reflect a reduction to the council on children and families. The council on children and families shall reevaluate staffing levels and administrative costs to ensure to the extent possible a maximum ratio of grant moneys provided and administrative costs.

(6) The department shall not reduce funding to the governor's juvenile justice advisory committee from the amounts appropriated for this purpose in chapter 564, Laws of 2009.

(7) \$25,000 of the general fund--state appropriation for fiscal year 2010 is provided for the department, in collaboration with the department of health and the health care authority, to report to the fiscal committees of the legislature by November 1, 2010, on estimates of the full costs and savings to all state-purchased health care from the inclusion of coverage for the diagnosis and treatment of autism spectrum disorders for individuals less than twenty-one

years of age. Autism spectrum disorders are defined to mean any of the pervasive developmental disorders defined by the most recent edition of the diagnostic and statistical manual of mental disorders. Coverage must include all medically necessary care which is defined to include any care, treatment, intervention, service, or item that is prescribed, provided, or ordered by a licensed physician or licensed psychologist. Treatment of autism spectrum disorders includes the following care prescribed, ordered, or provided for an individual diagnosed with one of the autism spectrum disorders by a licensed physician or licensed psychologist who determines the care to be medically necessary: (a) Habilitative or rehabilitative care; (b) pharmacy care, except when plans do not offer any pharmacy benefits; (c) psychiatric care; and (d) psychological care. The estimates should fully consider all potential offsets to currently funded care and services and should consider including the coverage of the diagnosis and treatment of autism spectrum disorders within the currently mandated provision of mental health benefits.

**Sec. 213.** 2009 c 564 s 213 (uncodified) is amended to read as follows:

**FOR THE DEPARTMENT OF SOCIAL AND HEALTH SERVICES--PAYMENTS TO OTHER AGENCIES PROGRAM**

General Fund--State Appropriation (FY 2010).....	<u>(((\$53,431,000))</u>
	<u>\$61,985,000</u>
General Fund--State Appropriation (FY 2011).....	<u>(((\$53,472,000))</u>
	<u>\$61,461,000</u>
General Fund--Federal Appropriation.....	<u>(((\$49,494,000))</u>
	<u>\$56,572,000</u>
TOTAL APPROPRIATION.....	<u>(((\$156,397,000))</u>
	<u>\$180,018,000</u>

**Sec. 214.** 2009 c 564 s 214 (uncodified) is amended to read as follows:

**FOR THE STATE HEALTH CARE AUTHORITY**

General Fund--State Appropriation (FY 2010).....	<u>(((\$206,295,000))</u>
	<u>\$208,258,000</u>
General Fund--State Appropriation (FY 2011).....	<u>(((\$182,138,000))</u>
	<u>\$159,306,000</u>
General Fund--Federal Appropriation.....	<u>(((\$6,302,000))</u>
	<u>\$34,727,000</u>
State Health Care Authority Administration Account--	
State Appropriation.....	<u>(((\$35,261,000))</u>
	<u>\$34,880,000</u>
Medical Aid Account--State Appropriation.....	<u>(((\$529,000))</u>
	<u>\$527,000</u>
TOTAL APPROPRIATION.....	<u>(((\$430,525,000))</u>
	<u>\$437,698,000</u>

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

(1) Within amounts appropriated in this section and sections 205 and 206 of this act, the health care authority shall continue to provide an enhanced basic health plan subsidy for foster parents licensed under chapter 74.15 RCW and workers in state-funded home care programs. Under this enhanced subsidy option, foster parents eligible to participate in the basic health plan as subsidized enrollees and home care workers with family incomes below 200 percent of the federal poverty level shall be allowed to enroll in the basic health plan at the minimum premium amount charged to enrollees with incomes below sixty-five percent of the federal poverty level.

(2) The health care authority shall require organizations and individuals that are paid to deliver basic health plan services and that choose to sponsor enrollment in the subsidized basic health plan to pay 133 percent of the premium amount which would otherwise be due from the sponsored enrollees.

(3) The administrator shall take at least the following actions to assure that persons participating in the basic health plan are eligible

for the level of assistance they receive: (a) Require submission of (i) income tax returns, and recent pay history, from all applicants, or (ii) other verifiable evidence of earned and unearned income from those persons not required to file income tax returns; (b) check employment security payroll records at least once every twelve months on all enrollees; (c) require enrollees whose income as indicated by payroll records exceeds that upon which their subsidy is based to document their current income as a condition of continued eligibility; (d) require enrollees for whom employment security payroll records cannot be obtained to document their current income at least once every six months; (e) not reduce gross family income for self-employed persons by noncash-flow expenses such as, but not limited to, depreciation, amortization, and home office deductions, as defined by the United States internal revenue service; and (f) pursue repayment and civil penalties from persons who have received excessive subsidies, as provided in RCW 70.47.060(9).

(4)(a) In order to maximize the funding appropriated for the basic health plan, the health care authority is directed to make modifications that will reduce the total number of subsidized enrollees to approximately 65,000 by January 1, 2010. In addition to the reduced enrollment, other modifications may include changes in enrollee premium obligations, changes in benefits, enrollee cost-sharing, and termination of the enrollment of individuals concurrently enrolled in a medical assistance program as provided in Substitute House Bill No. 2341.

(b) The health care authority shall coordinate with the department of social and health services to negotiate a medicaid section 1115 waiver with the federal centers for medicare and medicaid services that would provide matching funds for services provided to persons enrolled in the basic health plan under chapter 70.47 RCW.

(c) If the waiver in (b) of this subsection is granted, the health care authority may implement the waiver if it allows the program to remain within appropriated levels, after providing notice of its terms and conditions to the relevant policy and fiscal committees of the legislature in writing thirty days prior to the planned implementation date of the waiver.

(5) \$250,000 of the general fund--state appropriation for fiscal year 2010 and \$250,000 of the general fund--state appropriation for fiscal year 2011 are provided solely for the implementation of Substitute Senate Bill No. 5360 (community collaboratives). If the bill is not enacted by June 30, 2009, the amounts provided in this section shall lapse.

(6) The ((department)) authority shall seek public-private partnerships and federal funds that are or may become available to implement health information technology projects under the federal American recovery and reinvestment act of 2009.

(7)(a) \$2,495,000 of the general fund--state appropriation for fiscal year 2011 is provided solely for the authority for grants to two pilot projects, one each based in Spokane and Whatcom counties, to provide a full continuum of health care services to low-income adults. The pilot project in Spokane county shall aim for an enrollment of five hundred individuals and the pilot project in Whatcom county shall aim for an enrollment of one thousand individuals. All individuals enrolled in the pilot projects shall meet the criteria in (b) of this subsection. Grantees must demonstrate experience in working with an established network of health care providers in the county capable of providing continuity of health care services that may include a primary care medical home and catastrophic insurance coverage, to low-income adults. Expectations of grantees will include: Coordinating public, private, and volunteer efforts within the county to maximize participation within the grant funds available; and providing continuity of care to participants that promotes improved health outcomes as determined by the health care authority. Grantees will submit reports as directed by the health care authority.

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(b) In order to participate in a pilot, eligible low-income adults must have an income at or below two hundred percent of the federal poverty level; reside in the county where the project is based; be on the basic health waiting list at the time of application to participate; have no other health insurance coverage; and not be eligible for full-scope medical assistance programs, federal medicare programs, or health insurance through their employer. Grantees may require participants to meet other criteria, such as qualifying for health insurance coverage and paying premiums or other costs in order to participate in the pilot.

(c) The authority, in collaboration with the grantees of the pilots in (a) of this subsection, shall seek any federal funds that may be available with the enactment of federal health care reform.

(8) In the event that the authority markets a nonsubsidized version of the basic health plan, the authority must also provide information on other health care coverage options to potential clients.

(9) \$20,000 of the general fund--state appropriation for fiscal year 2010 and \$63,000 of the general fund--state appropriation for fiscal year 2011 are provided solely for the implementation of chapter 220, Laws of 2010 (accountable care organizations).

**Sec. 215.** 2010 c 3 s 212 (uncodified) is amended to read as follows:

**FOR THE HUMAN RIGHTS COMMISSION**

General Fund--State Appropriation (FY 2010).....	\$2,638,000
General Fund--State Appropriation (FY 2011).....	<u>(((\$2,533,000))</u>
	<u>\$2,511,000</u>
General Fund--Federal Appropriation.....	<u>(((\$1,299,000)))</u>
	<u>\$1,584,000</u>
TOTAL APPROPRIATION.....	<u>(((\$6,470,000)))</u>
	<u>\$6,733,000</u>

**Sec. 216.** 2009 c 564 s 216 (uncodified) is amended to read as follows:

**FOR THE BOARD OF INDUSTRIAL INSURANCE APPEALS**

Worker and Community Right-to-Know Account--

State Appropriation.....	\$20,000
Accident Account--State Appropriation.....	<u>(((\$18,453,000)))</u>
	<u>\$18,139,000</u>
Medical Aid Account--State Appropriation.....	<u>(((\$18,453,000)))</u>
	<u>\$18,139,000</u>
TOTAL APPROPRIATION.....	<u>(((\$36,926,000)))</u>
	<u>\$36,298,000</u>

**Sec. 217.** 2009 c 564 s 217 (uncodified) is amended to read as follows:

**FOR THE CRIMINAL JUSTICE TRAINING COMMISSION**

General Fund--State Appropriation (FY 2010).....	<u>(((\$19,146,000)))</u>
	<u>\$17,273,000</u>
General Fund--State Appropriation (FY 2011).....	<u>(((\$19,176,000)))</u>
	<u>\$17,843,000</u>
General Fund--Federal Appropriation.....	<u>\$143,000</u>
General Fund--Private/Local Appropriation.....	<u>(((\$200,000)))</u>
	<u>\$1,303,000</u>
Death Investigations Account--State Appropriation.....	\$148,000
Municipal Criminal Justice Assistance Account--	
State Appropriation.....	\$460,000
Washington Auto Theft Prevention Authority Account--	
State Appropriation.....	\$5,844,000
TOTAL APPROPRIATION.....	<u>(((\$44,974,000)))</u>
	<u>\$43,014,000</u>

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

(1) (((\$1,874,000 of the general fund state appropriation for fiscal year 2010 and \$1,922,000 of the general fund state appropriation for fiscal year 2011 are provided solely for 10

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additional basic law enforcement academies in fiscal year 2010 and 10 additional basic law enforcement academies in fiscal year 2011. ((2))) \$1,191,000 of the general fund--state appropriation for fiscal year 2010 and \$1,191,000 of the general fund--state appropriation for fiscal year 2011 are provided solely for the Washington association of sheriffs and police chiefs to continue to develop, maintain, and operate the jail booking and reporting system (JBRS) and the statewide automated victim information and notification system (SAVIN).

((3))) (2) \$5,000,000 of the general fund--state appropriation for fiscal year 2010 and \$5,000,000 of the general fund--state appropriation for fiscal year 2011, are provided to the Washington association of sheriffs and police chiefs solely to verify the address and residency of registered sex offenders and kidnapping offenders under RCW 9A.44.130. The Washington association of sheriffs and police chiefs shall:

(a) Enter into performance-based agreements with units of local government to ensure that registered offender address and residency are verified:

- (i) For level I offenders, every twelve months;
- (ii) For level II offenders, every six months; and
- (iii) For level III offenders, every three months.

For the purposes of this subsection, unclassified offenders and kidnapping offenders shall be considered at risk level I unless in the opinion of the local jurisdiction a higher classification is in the interest of public safety.

(b) Collect performance data from all participating jurisdictions sufficient to evaluate the efficiency and effectiveness of the address and residency verification program; and

(c) Submit a report on the effectiveness of the address and residency verification program to the governor and the appropriate committees of the house of representatives and senate by December 31, each year.

The Washington association of sheriffs and police chiefs may retain up to three percent of the amount provided in this subsection for the cost of administration. Any funds not disbursed for address and residency verification or retained for administration may be allocated to local prosecutors for the prosecution costs associated with failing-to-register offenses.

((4))) (3) \$30,000 of the general fund--state appropriation for fiscal year 2010 is provided solely for the implementation of Second Substitute House Bill No. 2078 (persons with developmental disabilities in correctional facilities or jails). If the bill is not enacted by June 30, 2009, the amount provided in this subsection shall lapse.

(4) \$171,000 of the general fund--local appropriation is provided solely to purchase ammunition for the basic law enforcement academy. Jurisdictions with one hundred or more full-time commissioned officers shall reimburse to the criminal justice training commission the costs of ammunition, based on the average cost of ammunition per cadet, for cadets that they enroll in the basic law enforcement academy.

(5) The criminal justice training commission may not run a basic law enforcement academy class of fewer than 30 students.

(6) \$1,500,000 of the general fund--state appropriation for fiscal year 2011 is provided solely for continuing the enforcement of illegal drug laws in the rural pilot project enforcement areas as set forth in chapter 339, Laws of 2006.

**Sec. 218.** 2009 c 564 s 218 (uncodified) is amended to read as follows:

**FOR THE DEPARTMENT OF LABOR AND INDUSTRIES**

General Fund--State Appropriation (FY 2010).....	<u>(((\$24,224,000)))</u>
	<u>\$24,975,000</u>
General Fund--State Appropriation (FY 2011).....	<u>(((\$25,237,000)))</u>
	<u>\$19,336,000</u>

((General Fund--Federal Appropriation.....	\$100,000))
General Fund--Federal Appropriation.....	<u>(\$10,000,000))</u>
	<u>\$10,100,000</u>
Asbestos Account--State Appropriation.....	<u>(((\$924,000))</u>
	<u>\$923,000</u>
Electrical License Account--State Appropriation....	<u>(((\$43,162,000))</u>
	<u>\$36,977,000</u>
Farm Labor Revolving Account--Private/Local Appropriation.....	\$28,000
Worker and Community Right-to-Know Account--	
State Appropriation.....	<u>(((\$1,979,000))</u>
	<u>\$1,987,000</u>
Public Works Administration Account--State Appropriation.....	<u>(((\$5,764,000))</u>
	<u>\$6,021,000</u>
Manufactured Home Installation Training Account--	
State Appropriation.....	<u>(((\$138,000))</u>
	<u>\$143,000</u>
Accident Account--State Appropriation.....	<u>(((\$248,281,000))</u>
	<u>\$250,509,000</u>
Accident Account--Federal Appropriation.....	<u>(((\$13,622,000))</u>
	<u>\$13,621,000</u>
Medical Aid Account--State Appropriation.....	<u>(((\$249,537,000))</u>
	<u>\$249,232,000</u>
Medical Aid Account--Federal Appropriation.....	\$3,186,000
Plumbing Certificate Account--State Appropriation..	<u>(((\$1,693,000))</u>
	<u>\$1,704,000</u>
Pressure Systems Safety Account--State Appropriation.....	<u>(((\$3,775,000))</u>
	<u>\$4,144,000</u>
TOTAL APPROPRIATION.....	<u>(((\$631,650,000))</u>
	<u>\$622,886,000</u>

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

(1) Pursuant to RCW 43.135.055, the department is authorized to increase fees related to factory assembled structures, contractor registration, electricians, plumbers, asbestos removal, boilers, elevators, and manufactured home installers. These increases are necessary to support expenditures authorized in this section, consistent with chapters 43.22, 18.27, 19.28, and 18.106 RCW, RCW 49.26.130, and chapters 70.79, 70.87, and 43.22A RCW.

(2) \$424,000 of the accident account--state appropriation and \$76,000 of the medical aid account--state appropriation are provided solely for implementation of a community agricultural worker safety grant at the department of agriculture. The department shall enter into an interagency agreement with the department of agriculture to implement the grant.

(3) \$4,850,000 of the medical aid account--state appropriation is provided solely to continue the program of safety and health as authorized by RCW 49.17.210 to be administered under rules adopted pursuant to chapter 34.05 RCW, provided that projects funded involve workplaces insured by the medical aid fund, and that priority is given to projects fostering accident prevention through cooperation between employers and employees or their representatives.

(4) \$150,000 of the medical aid account--state appropriation is provided solely for the department to contract with one or more independent experts to evaluate and recommend improvements to the rating plan under chapter 51.18 RCW, including analyzing how risks are pooled, the effect of including worker premium contributions in adjustment calculations, incentives for accident and illness prevention, return-to-work practices, and other sound risk-management strategies that are consistent with recognized insurance principles.

(5) The department shall continue to conduct utilization reviews of physical and occupational therapy cases at the 24th visit. The

department shall continue to report performance measures and targets for these reviews on the agency web site. The reports are due September 30th for the prior fiscal year and must include the amount spent and the estimated savings per fiscal year.

(6) The appropriations in this section reflect reductions in the appropriations for the department of labor and industries' administrative expenses. It is the intent of the legislature that these reductions shall be achieved, to the greatest extent possible, by reducing administrative costs only.

(7) \$500,000 of the accident account--state appropriation is provided solely for the department to contract with one or more independent experts to oversee and assist the department's implementation of improvements to the rating plan under chapter 51.18 RCW, in collaboration with the department and with the department's work group of retrospective rating and workers' compensation stakeholders. The independent experts will validate the impact of recommended changes on retrospective rating participants and nonparticipants, confirm implementation technology changes, and provide other implementation assistance as determined by the department.

(8) \$194,000 of the accident account--state appropriation and \$192,000 of the medical aid account--state appropriation are provided solely for implementation of Senate Bill No. 5346 (health care administrative procedures). ((If the bill is not enacted by June 30, 2009, the amounts provided in this subsection shall lapse.))

(9) \$131,000 of the accident account--state appropriation and \$128,000 of the medical aid account--state appropriation are provided solely for implementation of Senate Bill No. 5613 (stop work orders). ((If the bill is not enacted by June 30, 2009, the amounts provided in this subsection shall lapse.))

(10) \$68,000 of the accident account--state appropriation and \$68,000 of the medical aid account--state appropriation are provided solely for implementation of Senate Bill No. 5688 (registered domestic partners). ((If the bill is not enacted by June 30, 2009, the amounts provided in this subsection shall lapse.))

(11) \$320,000 of the accident account--state appropriation and \$147,000 of the medical aid account--state appropriation are provided solely for implementation of Senate Bill No. 5873 (apprenticeship utilization). ((If the bill is not enacted by June 30, 2009, the amounts provided in this subsection shall lapse.))

—(15)) (12) \$73,000 of the general fund--state appropriation for fiscal year 2010, \$66,000 of the general fund--state appropriation for fiscal year 2011, \$606,000 of the accident account--state appropriation, and \$600,000 of the medical aid account--state appropriation are provided solely for the implementation of House Bill No. 1555 (underground economy). ((If the bill is not enacted by June 30, 2009, the amounts provided in this subsection shall lapse.))

—(16)) (13) \$574,000 of the accident account--state appropriation and \$579,000 of the medical account--state appropriation are provided solely for the implementation of House Bill No. 1402 (industrial insurance appeals). ((If the bill is not enacted by June 30, 2009, the amounts provided in this subsection shall lapse.))

(14) Within statutory guidelines, the boiler program shall explore opportunities to increase program efficiency. Strategies may include the consolidation of routine multiple inspections to the same site and trip planning to ensure the least number of miles traveled.

(15) \$16,000 of the general fund--state appropriation for fiscal year 2010 and \$50,000 of the general fund--state appropriation for fiscal year 2011 are provided solely for the crime victims compensation program to pay claims for mental health services for crime victim compensation program clients who have an established relationship with a mental health provider and subsequently obtain coverage under the medicaid program or the medical care services program under chapter 74.09 RCW. Prior to making such

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payment, the program must have determined that payment for the specific treatment or provider is not available under the medicaid or medical care services program. In addition, the program shall make efforts to contact any healthy options or medical care services health plan in which the client may be enrolled to help the client obtain authorization to pay the claim on an out-of-network basis.

(16) \$48,000 of the accident account--state appropriation and \$48,000 of the medical aid account--state appropriation are provided solely for the implementation of Substitute House Bill No. 2789 (issuance of subpoenas for purposes of agency investigations of underground economic activity). If the bill is not enacted by June 30, 2010, the amount provided in this subsection shall lapse.

(17) \$71,000 of the general fund--state appropriation for fiscal year 2011 is provided solely for implementation of Senate Bill No. 6349 (farm internship program). If the bill is not enacted by June 30, 2010, the amount provided in this subsection shall lapse.

(18) \$127,000 of the general fund--state appropriation for fiscal year 2010 and \$133,000 of the general fund--state appropriation for fiscal year 2011 are provided solely for the department to provide benefits in excess of the cap established by sections 1 and 2, chapter 122, Laws of 2010. These benefits shall be paid for claimants who were determined eligible for and who were receiving crime victims' compensation benefits because they were determined to be permanently and totally disabled, as defined by RCW 51.08.160, prior to April 1, 2010. The director shall establish, by May 1, 2010, a process to aid crime victims' compensation recipients in identifying and applying for appropriate alternative benefit programs.

(19) \$155,000 of the public works administration account--state appropriation is provided solely for the implementation of Engrossed House Bill No. 2805 (offsite prefabricated items). If the bill is not enacted by June 30, 2010, the amount provided in this subsection shall lapse.

**Sec. 219.** 2010 c 3 s 213 (uncodified) is amended to read as follows:

#### FOR THE INDETERMINATE SENTENCE REVIEW BOARD

General Fund--State Appropriation (FY 2010).....	\$1,882,000
General Fund--State Appropriation (FY 2011).....	<u>(((\$1,886,000))</u>
	<u>\$1,864,000</u>
TOTAL APPROPRIATION.....	<u>(((\$3,768,000))</u>
	<u>\$3,746,000</u>

**Sec. 220.** 2009 c 564 s 220 (uncodified) is amended to read as follows:

#### FOR THE DEPARTMENT OF VETERANS AFFAIRS

##### (1) HEADQUARTERS

General Fund--State Appropriation (FY 2010).....	\$1,913,000
General Fund--State Appropriation (FY 2011).....	<u>(((\$1,899,000))</u>
	<u>\$1,865,000</u>

##### Charitable, Educational, Penal, and Reformatory

Institutions Account--State Appropriation.....	\$10,000
TOTAL APPROPRIATION.....	<u>(((\$3,822,000))</u>
	<u>\$3,788,000</u>

The appropriations in this subsection are subject to the following conditions and limitations: In addition to other reductions, the appropriations in this section reflect reductions targeted specifically to state government administrative costs. These administrative reductions shall be achieved, to the greatest extent possible, by reducing those administrative costs that do not affect direct client services or direct service delivery or programs.

##### (2) FIELD SERVICES

General Fund--State Appropriation (FY 2010).....	\$4,885,000
General Fund--State Appropriation (FY 2011).....	<u>(((\$4,943,000))</u>
	<u>\$4,964,000</u>
General Fund--Federal Appropriation.....	<u>(((\$1,842,000))</u>

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General Fund--Private/Local Appropriation.....	<u>\$2,382,000</u>
	<u>(((\$3,491,000))</u>
Veterans Innovations Program Account--State Appropriation.....	<u>\$4,512,000</u>
	<u>(((\$648,000))</u>
Veteran Estate Management Account--Private/Local Appropriation.....	<u>\$897,000</u>
	<u>(((\$1,069,000))</u>
TOTAL APPROPRIATION.....	<u>(((\$16,878,000))</u>
	<u>\$18,712,000</u>

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

(a) The department shall collaborate with the department of social and health services to identify and assist eligible general assistance unemployable clients to access the federal department of veterans affairs benefits.

(b) \$648,000 of the veterans innovations program account--state appropriation is provided solely for the department to continue support for returning combat veterans through the veterans innovation program, including emergency financial assistance through the defenders' fund and long-term financial assistance through the competitive grant program.

(c) In addition to other reductions, the appropriations in this section reflect reductions targeted specifically to state government administrative costs. These administrative reductions shall be achieved, to the greatest extent possible, by reducing those administrative costs that do not affect direct client services or direct service delivery or programs.

#### (3) INSTITUTIONAL SERVICES

General Fund--State Appropriation (FY 2010).....	<u>(((\$3,638,000))</u>
	<u>\$3,318,000</u>
General Fund--State Appropriation (FY 2011).....	<u>(((\$2,845,000))</u>
	<u>\$2,371,000</u>
General Fund--Federal Appropriation.....	<u>(((\$50,791,000))</u>
	<u>\$50,353,000</u>
General Fund--Private/Local Appropriation.....	<u>(((\$31,734,000))</u>
	<u>\$34,189,000</u>
TOTAL APPROPRIATION.....	<u>(((\$89,008,000))</u>
	<u>\$90,231,000</u>

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

(a) In addition to other reductions, the appropriations in this section reflect reductions targeted specifically to state government administrative costs. These administrative reductions shall be achieved, to the greatest extent possible, by reducing those administrative costs that do not affect direct client services or direct service delivery or programs.

(b) The reductions in this subsection shall be achieved through savings from contract revisions and shall not impact the availability of goods and services for residents of the three state veterans homes.

**Sec. 221.** 2010 c 3 s 214 (uncodified) is amended to read as follows:

#### FOR THE DEPARTMENT OF HEALTH

General Fund--State Appropriation (FY 2010).....	<u>(((\$107,413,000))</u>
	<u>\$98,414,000</u>
General Fund--State Appropriation (FY 2011).....	<u>(((\$82,806,000))</u>
	<u>\$81,735,000</u>
General Fund--Federal Appropriation.....	<u>(((\$480,871,000))</u>
	<u>\$564,379,000</u>
General Fund--Private/Local Appropriation.....	<u>(((\$138,846,000))</u>
	<u>\$162,237,000</u>
Hospital Data Collection Account--State Appropriation.....	<u>(((\$326,000))</u>
	<u>\$218,000</u>
Health Professions Account--State Appropriation.....	<u>(((\$76,218,000))</u>

Aquatic Lands Enhancement Appropriation.....	\$82,850,000 \$603,000
Emergency Medical Services and Trauma Care Systems Trust Account--State Appropriation.....	(((\$13,531,000)) <u>\$13,206,000</u> )
Safe Drinking Water Account--State Appropriation..((2,723,000))	<u>\$2,731,000</u>
Drinking Water Assistance Account--Federal Appropriation.....	(((\$22,817,000)) <u>\$22,862,000</u> )
Waterworks Operator Certification--State Appropriation.....	(((\$1,519,000)) <u>\$1,522,000</u> )
Drinking Water Assistance Administrative Account-- State Appropriation.....	\$326,000
State Toxics Control Account--State Appropriation..((3,600,000))	<u>\$4,106,000</u>
Medical Test Site Licensure Account--State Appropriation.....	(((\$2,117,000)) <u>\$2,261,000</u> )
Youth Tobacco Prevention Account--State Appropriation.....	\$1,512,000
Public Health Supplemental Account--Private/Local Appropriation.....	(((\$3,525,000)) <u>\$3,804,000</u> )
Community and Economic Development Fee Account--State Appropriation.....	\$298,000
Accident Account--State Appropriation.....	(((\$295,000)) <u>\$292,000</u> )
Medical Aid Account--State Appropriation.....	\$48,000
Tobacco Prevention and Control Account-- State Appropriation.....	(((\$46,852,000)) <u>\$44,196,000</u> )
Biotoxin Account--State Appropriation.....	(((\$1,165,000)) <u>\$1,163,000</u> )
TOTAL APPROPRIATION.....	(((\$987,113,000)) <u>\$1,088,763,000</u> )

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

(1) The department of health shall not initiate any services that will require expenditure of state general fund moneys unless expressly authorized in this act or other law. The department of health and the state board of health shall not implement any new or amended rules pertaining to primary and secondary school facilities until the rules and a final cost estimate have been presented to the legislature, and the legislature has formally funded implementation of the rules through the omnibus appropriations act or by statute. The department may seek, receive, and spend, under RCW 43.79.260 through 43.79.282, federal moneys not anticipated in this act as long as the federal funding does not require expenditure of state moneys for the program in excess of amounts anticipated in this act. If the department receives unanticipated unrestricted federal moneys, those moneys shall be spent for services authorized in this act or in any other legislation that provides appropriation authority, and an equal amount of appropriated state moneys shall lapse. Upon the lapsing of any moneys under this subsection, the office of financial management shall notify the legislative fiscal committees. As used in this subsection, "unrestricted federal moneys" includes block grants and other funds that federal law does not require to be spent on specifically defined projects or matched on a formula basis by state funds.

(2) In accordance with RCW 43.70.250 and 43.135.055, the department is authorized to establish and raise fees in fiscal year 2011 as necessary to meet the actual costs of conducting business and the appropriation levels in this section. This authorization

applies to fees for the review of sewage tank designs, fees related to regulation and inspection of farmworker housing, and fees associated with the following professions: Acupuncture, dental, dentist, mental health counselor, nursing, nursing assistant, optometry, radiologic technologist, recreational therapy, respiratory therapy, social worker, cardiovascular invasive specialist, and practitioners authorized under chapter 18.240 RCW.

(3) Pursuant to RCW 43.135.055 and RCW 43.70.250, the department is authorized to establish fees by the amount necessary to fully support the cost of activities related to the administration of long-term care worker certification. The department is further authorized to increase fees by the amount necessary to implement the regulatory requirements of the following bills: House Bill No. 1414 (health care assistants), House Bill No. 1740 (dental residency licenses), and House Bill No. 1899 (retired active physician licenses).

((3)) (4) \$764,000 of the health professions account--state appropriation is provided solely for the medical quality assurance commission to maintain disciplinary staff and associated costs sufficient to reduce the backlog of disciplinary cases and to continue to manage the disciplinary caseload of the commission.

((4)) (5) \$57,000 of the general fund--state appropriation for fiscal year 2010 and \$58,000 of the general fund--state appropriation for fiscal year 2011 are provided solely for the midwifery licensure and regulatory program to offset a reduction in revenue from fees. ((There shall be no change to the current annual fees for new or renewed licenses for the midwifery program.)) The department shall convene the midwifery advisory committee on a quarterly basis to address issues related to licensed midwifery. The appropriations in this section assume that the current application and renewal fee for midwives shall be increased by fifty dollars and all other fees for midwives be adjusted accordingly.

((5)) (6) Funding for the human papillomavirus vaccine shall not be included in the department's universal vaccine purchase program in fiscal year 2010. Remaining funds for the universal vaccine purchase program shall be used to continue the purchase of all other vaccines included in the program until May 1, 2010, ((or until state funds are exhausted,)) at which point state funding for the universal vaccine purchase program shall be discontinued. ((Funds from section 317 of the federal public health services act direct assistance shall not be used in lieu of state funds.))

((6)) (7) Beginning July 1, 2010, the department, in collaboration with the department of social and health services, shall maximize the use of existing federal funds, including section 317 of the federal public health services act direct assistance as well as federal funds that may become available under the American recovery and reinvestment act, in order to continue to provide immunizations for low-income, nonmedicaid eligible children up to three hundred percent of the federal poverty level in state-sponsored health programs.

((7)) (8) The department shall eliminate outreach activities for the health care directives registry and use the remaining amounts to maintain the contract for the registry and minimal staffing necessary to administer the basic entry functions for the registry.

((8)) (9) Funding in this section reflects a temporary reduction of resources for the 2009-11 fiscal biennium for the state board of health to conduct health impact reviews.

((9)) (10) Pursuant to RCW 43.135.055 and 43.70.125, the department is authorized to adopt rules to establish a fee schedule to apply to applicants for initial certification surveys of health care facilities for purposes of receiving federal health care program reimbursement. The fees shall only apply when the department has determined that federal funding is not sufficient to compensate the department for the cost of conducting initial certification surveys. The fees for initial certification surveys may be established as follows: Up to \$1,815 for ambulatory surgery centers, up to \$2,015

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for critical access hospitals, up to \$980 for end stage renal disease facilities, up to \$2,285 for home health agencies, up to \$2,285 for hospice agencies, up to \$2,285 for hospitals, up to \$520 for rehabilitation facilities, up to \$690 for rural health clinics, and up to \$7,000 for transplant hospitals.

((40)) (11) Funding for family planning grants for fiscal year 2011 is reduced in the expectation that federal funding shall become available to expand coverage of services for individuals through programs at the department of social and health services. In the event that such funding is not provided, the legislature intends to continue funding through a supplemental appropriation at fiscal year 2010 levels. \$4,500,000 of the general fund--state appropriation is provided solely for the department of health-funded family planning clinic grants due to federal funding not becoming available.

((41)) (12) \$16,000,000 of the tobacco prevention and control account--state appropriation is provided solely for local health jurisdictions to conduct core public health functions as defined in RCW 43.70.514.

((42)) (13) \$100,000 of the health professions account appropriation is provided solely for implementation of Substitute House Bill No. 1414 (health care assistants). If the bill is not enacted by June 30, 2009, the amount provided in this subsection shall lapse.

((43)) (14) \$42,000 of the health professions account--state appropriation is provided solely to implement Substitute House Bill No. 1740 (dentistry license issuance). If the bill is not enacted by June 30, 2009, the amount provided in this section shall lapse.

((44)) (15) \$23,000 of the health professions account--state appropriation is provided solely to implement Second Substitute House Bill No. 1899 (retired active physician licenses). If the bill is not enacted by June 30, 2009, the amount provided in this section shall lapse.

((45)) (16) \$12,000 of the general fund--state appropriation for fiscal year 2010 and \$67,000 of the general fund--private/local appropriation are provided solely to implement House Bill No. 1510 (birth certificates). If the bill is not enacted by June 30, 2009, the amount provided in this section shall lapse.

((46)) (17) \$31,000 of the health professions account is provided for the implementation of Second Substitute Senate Bill No. 5850 (human trafficking). If the bill is not enacted by June 2009, the amount provided in this subsection shall lapse.

((47)) (18) \$282,000 of the health professions account is provided for the implementation of Substitute Senate Bill No. 5752 (dentists cost recovery). If the bill is not enacted by June 2009, the amount provided in this subsection shall lapse.

((48)) (19) \$106,000 of the health professions account is provided for the implementation of Substitute Senate Bill No. 5601 (speech language assistants). If the bill is not enacted by June 2009, the amount provided in this subsection shall lapse.

(20) Subject to existing resources, the department of health is encouraged to examine, in the ordinary course of business, current and prospective programs, treatments, education, and awareness of cardiovascular disease that are needed for a thriving and healthy Washington.

(21) \$400,500 from the health professions account is appropriated to fund nursing commission programs related to discipline, impaired practitioner programs, and expedited credentialing. Funding comes from a reduction in the \$20 fees that nurses pay for access to University of Washington library resources.

(22) \$390,000 of the health professions account--state appropriation is provided solely to implement chapter 169, Laws of 2010 (nursing assistants). The amount provided in this subsection is from fee revenue authorized by Engrossed Substitute Senate Bill No. 6582.

(23) \$10,000 of the health professions account--state

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appropriation for fiscal year 2010 and \$40,000 of the health professions account--state appropriation for fiscal year 2011 are provided solely for the department to study cost effective options for collecting demographic data related to the health care professions workforce to be submitted to the legislature by December 1, 2010.

(24) \$66,000 of the health professions account--state appropriation is provided solely to implement chapter 209, Laws of 2010 (pain management).

(25) \$10,000 of the health professions account--state appropriation is provided solely to implement chapter 92, Laws of 2010 (cardiovascular invasive specialists).

(26) \$23,000 of the general fund--state appropriation is provided solely to implement chapter 182, Laws of 2010 (tracking ephedrine, etc.).

(27) The department is authorized to coordinate a tobacco cessation media campaign using all appropriate media with the purpose of maximizing the use of quit-line services and youth smoking prevention.

(28) For all contracts for smoking cessation and awareness services agreed to after the effective date of this section, at least ten percent of the value of that contract shall be dedicated to supporting smoking cessation and prevention programs for underserved and hard to reach populations, including populations with smoking rates higher than the state average.

(29) It is the intent of the legislature that the reductions in appropriations to the AIDS/HIV programs shall be achieved, to the greatest extent possible, by reducing those state government administrative costs that do not affect direct client services or direct service delivery or programs. The agency shall, to the greatest extent possible, reduce spending in those areas that shall have the least impact on implementing these programs.

(30) \$400,000 of the state toxics control account--state appropriation is provided solely for granting to a willing local public entity to provide emergency water supplies or water treatment for households with individuals at high public health risk from nitrate-contaminated wells in the lower Yakima basin.

(31) \$100,000 of the state toxics control account--state appropriation is provided solely for an interagency contract to the department of ecology to grant to agencies involved in improving groundwater quality in the lower Yakima Valley. These agencies will develop a local plan for improving water quality and reducing nitrate contamination. The department of ecology will report to the appropriate committees of the legislature and to the office of financial management no later than December 1, 2010, summarizing progress towards developing and implementing this plan.

**NEW SECTION. Sec. 222.** A new section is added to 2009 c 564 (uncodified) to read as follows:

**FOR THE DEPARTMENT OF CORRECTIONS.** The appropriations to the department of corrections in this act shall be expended for the programs and in the amounts specified herein. However, after May 1, 2010, after approval by the director of financial management and unless specifically prohibited by this act, the department may transfer general fund--state appropriations for fiscal year 2010 between programs. The department shall not transfer funds, and the director of financial management shall not approve the transfer, unless the transfer is consistent with the objective of conserving, to the maximum extent possible, the expenditure of state funds and not federal funds. The director of financial management shall notify the appropriate fiscal committees of the senate and house of representatives in writing seven days prior to approving any deviations from appropriation levels. The written notification shall include a narrative explanation and justification of the changes, along with expenditures and allotments

by budget unit and appropriation, both before and after any allotment modifications or transfers.

**Sec. 223.** 2010 c 3 s 215 (uncodified) is amended to read as follows:

**FOR THE DEPARTMENT OF CORRECTIONS**

(1) ADMINISTRATION AND SUPPORT SERVICES

General Fund--State Appropriation (FY 2010).....	(( <u>\$55,622,000</u> ))
	<u>\$55,772,000</u>
General Fund--State Appropriation (FY 2011).....	(( <u>\$56,318,000</u> ))
	<u>\$55,417,000</u>

TOTAL APPROPRIATION.....	(( <u>\$111,940,000</u> ))
	<u>\$111,189,000</u>

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

(a) Within funds appropriated in this section, the department shall seek contracts for chemical dependency vendors to provide chemical dependency treatment of offenders in corrections facilities, including corrections centers and community supervision facilities, which have demonstrated effectiveness in treatment of offenders and are able to provide data to show a successful treatment rate.

(b) \$35,000 of the general fund--state appropriation for fiscal year 2010 and \$35,000 of the general fund--state appropriation for fiscal year 2011 are provided solely for the support of a statewide council on mentally ill offenders that includes as its members representatives of community-based mental health treatment programs, current or former judicial officers, and directors and commanders of city and county jails and state prison facilities. The council will investigate and promote cost-effective approaches to meeting the long-term needs of adults and juveniles with mental disorders who have a history of offending or who are at-risk of offending, including their mental health, physiological, housing, employment, and job training needs.

(2) CORRECTIONAL OPERATIONS

General Fund--State Appropriation (FY 2010).....	(( <u>\$456,657,000</u> ))
	<u>\$458,503,000</u>

General Fund--State Appropriation (FY 2011).....	(( <u>\$626,303,000</u> ))
	<u>\$600,657,000</u>

General Fund--Federal Appropriation.....	(( <u>\$185,131,000</u> ))
	<u>\$186,719,000</u>

((General Fund Private/Local Appropriation.....	<u>\$3,536,000</u> )
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Washington Auto Theft Prevention Authority Account--State Appropriation.....	(( <u>\$5,960,000</u> ))
	<u>\$5,936,000</u>

<u>State Efficiency and Restructuring Account--State Appropriation.....</u>	<u>\$34,522,000</u>

TOTAL APPROPRIATION.....	(( <u>\$1,277,587,000</u> ))
	<u>\$1,286,337,000</u>

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

(a) The department may expend funds generated by contractual agreements entered into for mitigation of severe overcrowding in local jails. Any funds generated in excess of actual costs shall be deposited in the state general fund. Expenditures shall not exceed revenue generated by such agreements and shall be treated as a recovery of costs.

(b) The department shall accomplish personnel reductions with the least possible impact on correctional custody staff, community custody staff, and correctional industries. For the purposes of this subsection, correctional custody staff means employees responsible for the direct supervision of offenders.

(c) During the 2009-11 biennium, when contracts are established or renewed for offender pay phone and other telephone services provided to inmates, the department shall select the contractor or contractors primarily based on the following factors: (i) The lowest rate charged to both the inmate and the person paying for the telephone call; and (ii) the lowest commission rates paid to

the department, while providing reasonable compensation to cover the costs of the department to provide the telephone services to inmates and provide sufficient revenues for the activities funded from the institutional welfare betterment account.

(d) The Harborview medical center and the University of Washington medical center shall provide inpatient and outpatient hospital services to offenders confined in department of corrections facilities at a rate no greater than the average rate that the department has negotiated with other community hospitals in Washington state.

(e) A political subdivision which is applying for funding to mitigate one-time impacts associated with construction or expansion of a correctional institution, consistent with WAC 137-12A-030, may apply for the mitigation funds in the fiscal biennium in which the impacts occur or in the immediately succeeding fiscal biennium.

(f) Within amounts provided in this subsection, the department, jointly with the department of social and health services, shall identify the number of offenders released through the extraordinary medical placement program, the cost savings to the department of corrections, including estimated medical cost savings, and the costs for medical services in the community incurred by the department of social and health services. The department and the department of social and health services shall jointly report to the office of financial management and the appropriate fiscal committees of the legislature by November 30, 2010.

(g) \$11,863,000 of the general fund--state appropriation for fiscal year 2010, \$11,864,000 of the general fund--state appropriation for fiscal year 2011, and \$2,336,000 of the general fund-private/local appropriation are provided solely for in-prison evidence-based programs and for the reception diagnostic center program as part of the offender re-entry initiative.

(h) The department shall appropriately transition offenders from custody as close as possible to the offender's earned release date without adversely affecting public safety. The number of offenders held beyond their earned release date should not exceed the number of offenders held beyond their earned release date in fiscal year 2008. By June 1, 2010, the department shall provide a report on its offender population to the office of financial management and the legislative fiscal committees. The report shall include (i) an explanation for the increase in the adult inmate population between the November 2009 forecast and the February 2010 forecast; (ii) an explanation for the increase in the number of offenders held beyond their earned release date between fiscal year 2008 and calendar year 2009; and (iii) a description of the department's actions to reduce and maintain the number of offenders held beyond their earned release date to the population level from fiscal year 2008, and a timetable for achieving that goal.

(i) The appropriations in this subsection are based on savings assumed from decreasing the offender population at the McNeil Island corrections center to 256 minimum security offenders, decreasing the offender population at the Larch corrections center to 240 offenders, the closure of the Ahtanum View corrections center, and the closure of the Pine Lodge corrections center for women.

(3) COMMUNITY SUPERVISION

General Fund--State Appropriation (FY 2010).....	(( <u>\$151,249,000</u> ))
	<u>\$150,729,000</u>

General Fund--State Appropriation (FY 2011).....	(( <u>\$141,785,000</u> ))
	<u>\$139,945,000</u>

TOTAL APPROPRIATION.....	(( <u>\$293,034,000</u> ))
	<u>\$290,674,000</u>

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

(a) The department shall accomplish personnel reductions with the least possible impact on correctional custody staff, community custody staff, and correctional industries. For the purposes of this

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subsection, correctional custody staff means employees responsible for the direct supervision of offenders.

(b) \$2,083,000 of the general fund--state appropriation for fiscal year 2010 and \$2,083,000 of the general fund--state appropriation for fiscal year 2011 are provided solely to implement Senate Bill No. 5525 (state institutions/release). If the bill is not enacted by June 30, 2009, the amounts provided in this subsection shall lapse.

(c) The appropriations in this subsection are based upon savings assumed from the implementation of Engrossed Substitute Senate Bill No. 5288 (supervision of offenders).

(d) \$2,791,000 of the general fund--state appropriation for fiscal year 2010 and \$3,166,000 of the general fund--state appropriation for fiscal year 2011 are provided solely for evidence-based community programs and for community justice centers as part of the offender re-entry initiative.

(e) \$418,300 of the general fund--state appropriation for fiscal year 2010 is provided solely for the purposes of settling all claims in *Hilda Solis, Secretary of Labor, United States Department of Labor v. State of Washington, Department of Corrections, United States District Court, Western District of Washington, Cause No. C08-cv-05362-RJB*. The expenditure of this amount is contingent on the release of all claims in the case, and total settlement costs shall not exceed the amount provided in this subsection. If settlement is not fully executed by June 30, 2010, the amount provided in this subsection shall lapse.

(f) \$984,000 of the general fund--state appropriation for fiscal year 2011 is provided solely for supplemental services that will be provided to offenders in lieu of a prison sentence, pursuant to chapter 224, Laws of 2010 (confinement alternatives).

#### (4) CORRECTIONAL INDUSTRIES

General Fund--State Appropriation (FY 2010).....\$2,574,000  
General Fund--State Appropriation (FY 2011).....(\$2,565,000)

\$2,547,000

TOTAL APPROPRIATION.....(\$5,139,000)  
\$5,121,000

The appropriations in this subsection are subject to the following conditions and limitations: \$132,000 of the general fund--state appropriation for fiscal year 2010 and \$132,000 of the general fund--state appropriation for fiscal year 2011 are provided solely for transfer to the jail industries board. The board shall use the amounts provided only for administrative expenses, equipment purchases, and technical assistance associated with advising cities and counties in developing, promoting, and implementing consistent, safe, and efficient offender work programs.

#### (5) INTERAGENCY PAYMENTS

General Fund--State Appropriation (FY 2010).....(\$40,455,000)  
General Fund--State Appropriation (FY 2011).....\$40,728,000

\$40,450,000

TOTAL APPROPRIATION.....(\$80,905,000)  
\$80,812,000

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

(a) The state prison institutions may use funds appropriated in this subsection to rent uniforms from correctional industries in accordance with existing legislative mandates.

(b) The state prison medical facilities may use funds appropriated in this subsection to purchase goods and supplies through hospital or other group purchasing organizations when it is cost effective to do so.

**Sec. 224.** 2009 c 564 s 224 (uncodified) is amended to read as follows:

**FOR THE DEPARTMENT OF SERVICES FOR THE BLIND**  
General Fund--State Appropriation (FY 2010).....(\$2,544,000)

\$2,504,000

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General Fund--State Appropriation (FY 2011).....	<u><u>(((\$2,550,000))</u></u> <u><u>\$2,390,000</u></u>
General Fund--Federal Appropriation.....	<u><u>(((\$18,125,000))</u></u> <u><u>\$18,116,000</u></u>
General Fund--Private/Local Appropriation.....	<u><u>(((\$20,000))</u></u> <u><u>\$30,000</u></u>
TOTAL APPROPRIATION.....	<u><u>(((\$23,239,000))</u></u> <u><u>\$23,040,000</u></u>

The amounts appropriated in this section are subject to the following conditions and limitations: Sufficient amounts are appropriated in this section to support contracts for services that provide employment support and help with life activities for deaf and blind individuals in King county.

**Sec. 225.** 2010 c 3 s 216 (uncodified) is amended to read as follows:

#### **FOR THE SENTENCING GUIDELINES COMMISSION**

General Fund--State Appropriation (FY 2010).....	\$962,000
General Fund--State Appropriation (FY 2011).....	<u><u>(((\$960,000))</u></u> <u><u>\$948,000</u></u>
TOTAL APPROPRIATION.....	<u><u>(((\$1,922,000))</u></u> <u><u>\$1,910,000</u></u>

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

(1) Within the amounts appropriated in this section, the sentencing guidelines commission, in partnership with the courts, shall develop a plan to implement an evidence-based system of community custody for adult felons that will include the consistent use of evidence-based risk and needs assessment tools, programs, supervision modalities, and monitoring of program integrity. The plan for the evidence-based system of community custody shall include provisions for identifying cost-effective rehabilitative programs; identifying offenders for whom such programs would be cost-effective; monitoring the system for cost-effectiveness; and reporting annually to the legislature. In developing the plan, the sentencing guidelines shall consult with: The Washington state institute for public policy; the legislature; the department of corrections; local governments; prosecutors; defense attorneys; victim advocate groups; law enforcement; the Washington federation of state employees; and other interested entities. The sentencing guidelines commission shall report its recommendations to the governor and the legislature by December 1, 2009.

(2)(a) Except as provided in subsection (b), during the 2009-11 biennium, the reports required by RCW 9.94A.480(2) and 9.94A.850(2) (d) and (h) shall be prepared within the available funds and may be delayed or suspended at the discretion of the commission.

(b) The commission shall submit the analysis described in section 15 of Engrossed Substitute Senate Bill No. 5288 no later than December 1, 2011.

(3) Within the amounts appropriated in this section, the sentencing guidelines commission shall survey the practices of other states relating to offenders who violate any conditions of their community custody. In conducting the survey, the sentencing guidelines commission shall perform a review of the research studies to determine if a mandatory minimum confinement policy is an evidence-based practice, investigate the implementation of such a policy in other states, and estimate the fiscal impacts of implementing such a policy in Washington state. The sentencing guidelines commission shall report its findings to the governor and the legislature by December 1, 2010.

**Sec. 226.** 2009 c 564 s 226 (uncodified) is amended to read as follows:

#### **FOR THE EMPLOYMENT SECURITY DEPARTMENT**

General Fund--State Appropriation (FY 2010).....	<u><u>(((\$7,054,000))</u></u> <u><u>\$2,054,000</u></u>
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General Fund--State Appropriation (FY 2011).....	(((\$53,000))
	<u>\$5,053,000</u>
General Fund--Federal Appropriation.....	(((\$320,561,000))
	<u>\$324,135,000</u>
General Fund--Private/Local Appropriation.....	(((\$33,825,000))
	<u>\$33,640,000</u>
Unemployment Compensation Administration Account--Federal Appropriation.....	(((\$332,904,000))
	<u>\$362,740,000</u>
Administrative Contingency Account--State Appropriation.....	(((\$293,000))
	<u>\$345,000</u>
Employment Service Administrative Account-- State Appropriation.....	(((\$37,195,000))
	<u>\$37,775,000</u>
TOTAL APPROPRIATION.....	(((\$731,885,000))
	<u>\$765,742,000</u>

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

(1) (((\$55,029,000)) \$59,829,000 of the unemployment compensation administration account--federal appropriation is provided from amounts made available to the state by section 903(d) and (f) of the social security act (Reed act). This amount is authorized to continue current unemployment insurance functions and department services to employers and job seekers.

(2) \$32,067,000 of the unemployment compensation administration account--federal appropriation is provided from amounts made available to the state by section 903(d) and (f) of the social security act (Reed act). This amount is authorized to fund the replacement of the unemployment insurance tax information system (TAXIS) for the employment security department. This section is subject to section 902 of this act.

(3) \$110,000 of the unemployment compensation administration account--federal appropriation is provided solely for implementation of Senate Bill No. 5804 (leaving part time work voluntarily). ((If the bill is not enacted by June 30, 2009, the amounts provided in this subsection shall lapse.))

(4) \$1,263,000 of the unemployment compensation administration account--federal appropriation is provided solely for implementation of Senate Bill No. 5963 (unemployment insurance). ((If the bill is not enacted by June 30, 2009, the amounts provided in this subsection shall lapse.))

(5) \$159,000 of the unemployment compensation account--federal appropriation is provided solely for the implementation of House Bill No. 1555 (underground economy) from funds made available to the state by section 903(d) of the social security act (Reed act).

(6) (((\$293,000)) \$295,000 of the administrative contingency--state appropriation for fiscal year 2010 is provided solely for the implementation of House Bill No. 2227 (evergreen jobs act). ((If the bill is not enacted by June 30, 2009, the amounts provided in this subsection shall lapse.))

(7) \$7,000,000 of the general fund--state appropriation for fiscal year 2010 is provided solely for the implementation of Senate Bill No. 5809 (WorkForce employment and training). ((If the bill is not enacted by June 30, 2009, the amounts provided in this subsection shall lapse.))

(8) \$444,000 of the unemployment compensation administration account--federal appropriation is provided solely for the implementation of Substitute Senate Bill No. 6524 (unemployment insurance penalties and contribution rates) from funds made available to the state by section 903 (d) or (f) of the social security act (Reed 12 act). If the bill is not enacted by June 30, 2010, the amount provided in this subsection shall lapse.

(9) \$232,000 of the unemployment compensation administration account--federal appropriation from funds made

available to the state by section 903(c) or (f) of the social security act (Reed act) is provided solely for the implementation of Substitute House Bill No. 2789 (underground economic activity). If the bill is not enacted by June 30, 2010, the amount provided in this subsection shall lapse.

**Sec. 227.** 2009 c 564 s 221 (uncodified) is amended to read as follows:

#### **FOR THE HOME CARE QUALITY AUTHORITY**

General Fund--State Appropriation (FY 2010),,,	\$1,229,000
((General Fund--State Appropriation (FY 2011),,,))	\$1,221,000
TOTAL APPROPRIATION.....	<u>\$2,450,000)</u>

(End of Part)

### **PART III NATURAL RESOURCES**

**Sec. 301.** 2009 c 564 s 301 (uncodified) is amended to read as follows:

#### **FOR THE COLUMBIA RIVER GORGE COMMISSION**

General Fund--State Appropriation (FY 2010).....	\$441,000
General Fund--State Appropriation (FY 2011).....	<u>(((\$445,000))</u>
	<u>\$440,000</u>
General Fund--Federal Appropriation.....	<u>\$30,000</u>
General Fund--Private/Local Appropriation.....	<u>(((\$864,000))</u>
	<u>\$845,000</u>
TOTAL APPROPRIATION.....	<u>(((\$1,780,000))</u>
	<u>\$1,756,000</u>

**Sec. 302.** 2010 c 3 s 301 (uncodified) is amended to read as follows:

#### **FOR THE DEPARTMENT OF ECOLOGY**

General Fund--State Appropriation (FY 2010).....	(((\$59,991,000))
	<u>\$58,552,000</u>
General Fund--State Appropriation (FY 2011).....	<u>(((\$58,047,000))</u>
	<u>\$52,725,000</u>
General Fund--Federal Appropriation.....	<u>(((\$82,452,000))</u>
	<u>\$82,079,000</u>
General Fund--Private/Local Appropriation.....	<u>(((\$16,668,000))</u>
	<u>\$16,688,000</u>

#### Special Grass Seed Burning Research Account--State

Appropriation.....	<u>\$14,000</u>
Reclamation Account--State Appropriation.....	<u>(((\$3,679,000))</u>
	<u>\$3,649,000</u>

#### Flood Control Assistance Account--State

Appropriation.....	<u>(((\$1,965,000))</u>
	<u>\$1,943,000</u>

#### State Emergency Water Projects Revolving

Account--State Appropriation.....	<u>\$240,000</u>
Waste Reduction/Recycling/Litter Control--State Appropriation.....	<u>(((\$14,554,000))</u>
	<u>\$12,467,000</u>

#### State Drought Preparedness Account--State

Appropriation.....	<u>\$4,000,000</u>
State and Local Improvements Revolving Account (Water Supply Facilities)--State Appropriation.....	<u>(((\$426,000))</u>
	<u>\$424,000</u>

#### Freshwater Aquatic Algae Control Account--State

Appropriation.....	<u>(((\$509,000))</u>
	<u>\$508,000</u>

#### Water Rights Tracking System Account--State

Appropriation.....	<u>\$116,000</u>
Site Closure Account--State Appropriation.....	<u>(((\$706,000))</u>
	<u>\$922,000</u>

#### Wood Stove Education and Enforcement Account--

State Appropriation.....	<u>\$612,000</u>
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#### Worker and Community Right-to-Know Account--

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State Appropriation.....	(( <u>\$1,670,000</u> ))
	<u>\$1,663,000</u>
State Toxics Control Account--State Appropriation.....	(( <u>\$101,705,000</u> ))
	<u>\$106,642,000</u>
State Toxics Control Account--Private/Local Appropriation.....	(( <u>\$383,000</u> ))
	<u>\$379,000</u>
Local Toxics Control Account--State Appropriation(( <u>\$24,730,000</u> ))	<u>\$24,690,000</u>
Water Quality Permit Account--State Appropriation(( <u>\$37,433,000</u> ))	<u>\$37,018,000</u>
Underground Storage Tank Account--State Appropriation.....	(( <u>\$3,298,000</u> ))
	<u>\$3,270,000</u>
Biosolids Permit Account--State Appropriation.....	(( <u>\$1,413,000</u> ))
	<u>\$1,866,000</u>
Hazardous Waste Assistance Account--State Appropriation.....	(( <u>\$5,930,000</u> ))
	<u>\$5,880,000</u>
Air Pollution Control Account--State Appropriation.(( <u>\$2,030,000</u> ))	<u>\$2,111,000</u>
Oil Spill Prevention Account--State Appropriation.(( <u>\$10,688,000</u> ))	<u>\$10,599,000</u>
Air Operating Permit Account--State Appropriation.(( <u>\$2,783,000</u> ))	<u>\$2,758,000</u>
Freshwater Aquatic Weeds Account--State Appropriation.....	(( <u>\$1,699,000</u> ))
	<u>\$1,693,000</u>
Oil Spill Response Account--State Appropriation....	(( <u>\$7,078,000</u> ))
	<u>\$7,077,000</u>
Metals Mining Account--State Appropriation.....	\$14,000
Water Pollution Control Revolving Account--State Appropriation.....	(( <u>\$465,000</u> ))
	<u>\$535,000</u>
Water Pollution Control Revolving Account--Federal Appropriation.....	(( <u>\$1,940,000</u> ))
	<u>\$2,210,000</u>
<u>Water Rights Processing Account--State Appropriation....</u>	<u>\$68,000</u>
<u>TOTAL APPROPRIATION.....</u>	<u><u>(\$442,998,000)</u></u>
	<u><u>\$443,412,000</u></u>

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

(1) \$170,000 of the oil spill prevention account--state appropriation is provided solely for a contract with the University of Washington's sea grant program to continue an educational program targeted to small spills from commercial fishing vessels, ferries, cruise ships, ports, and marinas.

(2) \$240,000 of the woodstove education and enforcement account--state appropriation is provided solely for citizen outreach efforts to improve understanding of burn curtailments, the proper use of wood heating devices, and public awareness of the adverse health effects of woodsmoke pollution.

(3) \$3,000,000 of the general fund--private/local appropriation is provided solely for contracted toxic-site cleanup actions at sites where multiple potentially liable parties agree to provide funding.

(4) \$3,600,000 of the local toxics account--state appropriation is provided solely for the standby emergency rescue tug stationed at Neah Bay.

(5) \$811,000 of the state toxics account--state appropriation is provided solely for oversight of toxic cleanup at facilities that treat, store, and dispose of hazardous wastes.

(6) \$1,456,000 of the state toxics account--state appropriation is provided solely for toxic cleanup at sites where willing parties

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negotiate prepayment agreements with the department and provide necessary funding.

(7) \$558,000 of the state toxics account--state appropriation and \$3,000,000 of the local toxics account--state appropriation are provided solely for grants and technical assistance to Puget Sound-area local governments engaged in updating shoreline master programs.

(8) \$950,000 of the state toxics control account--state appropriation is provided solely for measuring water and habitat quality to determine watershed health and assist salmon recovery, beginning in fiscal year 2011.

(9) RCW 70.105.280 authorizes the department to assess reasonable service charges against those facilities that store, treat, incinerate, or dispose of dangerous or extremely hazardous waste that involves both a nonradioactive hazardous component and a radioactive component. Service charges may not exceed the costs to the department in carrying out the duties in RCW 70.105.280. The current service charges do not meet the costs of the department to carry out its duties. Pursuant to RCW 43.135.055 and 70.105.280, the department is authorized to increase the service charges no greater than 18 percent for fiscal year 2010 and no greater than 15 percent for fiscal year 2011. Such service charges shall include all costs of public participation grants awarded to qualified entities by the department pursuant to RCW 70.105D.070(5) for facilities at which such grants are recognized as a component of a community relations or public participation plan authorized or required as an element of a consent order, federal facility agreement or agreed order entered into or issued by the department pursuant to any federal or state law governing investigation and remediation of releases of hazardous substances. Public participation grants funded by such service charges shall be in addition to, and not in place of, any other grants made pursuant to RCW 70.105D.070(5). Costs for the public participation grants shall be billed individually to the mixed waste facility associated with the grant.

(10) The department is authorized to increase the following fees in the 2009-2011 biennium as necessary to meet the actual costs of conducting business and the appropriation levels in this section: Environmental lab accreditation, dam safety and inspection, biosolids permitting, air emissions new source review, and manufacturer registration and renewal.

(11) \$63,000 of the state toxics control account--state appropriation is provided solely for implementation of Substitute Senate Bill No. 5797 (solid waste handling permits). If the bill is not enacted by June 30, 2009, the amount provided in this subsection shall lapse.

(12) \$225,000 of the general fund--state appropriation for fiscal year 2010 and \$193,000 of the general fund--state appropriation for fiscal year 2011 are provided solely for implementation of Engrossed Second Substitute Bill No. 5560 (agency climate leadership). If the bill is not enacted by June 30, 2009, the amounts provided in this subsection shall lapse.

(13) \$150,000 of the general fund--state appropriation for fiscal year 2010 and \$150,000 of the general fund--state appropriation for fiscal year 2011 are provided solely for watershed planning implementation grants to continue ongoing efforts to develop and implement water agreements in the Nooksack Basin and the Bertrand watershed. These amounts are intended to support project administration; monitoring; negotiations in the Nooksack watershed between tribes, the department, and affected water users; continued implementation of a flow augmentation project; plan implementation in the Fishtrap watershed; and the development of a water bank.

(14) \$215,000 of the general fund--state appropriation for fiscal year 2010 and \$235,000 of the general fund--state appropriation for

fiscal year 2011 are provided solely to provide watershed planning implementation grants for WRIA 32 to implement Substitute House Bill No. 1580 (pilot local water management program). If the bill is not enacted by June 30, 2009, the amounts provided in this subsection shall lapse.

(15) \$200,000 of the general fund--state appropriation for fiscal year 2010 and \$200,000 of the general fund--state appropriation for fiscal year 2011 are provided solely for the purpose of supporting the trust water rights program and processing trust water right transfer applications that improve instream flow.

(16)(a) The department shall convene a stock water working group that includes: Legislators, four members representing agricultural interests, three members representing environmental interests, the attorney general or designee, the director of the department of ecology or designee, the director of the department of agriculture or designee, and affected federally recognized tribes shall be invited to send participants.

(b) The group shall review issues surrounding the use of permit-exempt wells for stock-watering purposes and may develop recommendations for legislative action.

(c) The working group shall meet periodically and report its activities and recommendations to the governor and the appropriate legislative committees by December 1, 2009.

(17) \$73,000 of the water quality permit account--state appropriation is provided solely to implement Substitute House Bill No. 1413 (water discharge fees). If the bill is not enacted by June 30, 2009, the amount provided in this subsection shall lapse.

(18) The department shall continue to work with the Columbia Snake River irrigators' association to determine how seasonal water operation and maintenance conservation can be utilized. In implementing this proviso, the department shall also consult with the Columbia River policy advisory group as appropriate.

(19) The department shall track any changes in costs, wages, and benefits that would have resulted if House Bill No. 1716 (public contract living wages), as introduced in the 2009 regular session of the legislature, were enacted and made applicable to contracts and related subcontracts entered into, renewed, or extended during the 2009-11 biennium. The department shall submit a report to the house of representatives commerce and labor committee and the senate labor, commerce, and consumer protection committee by December 1, 2011. The report shall include data on any aggregate changes in wages and benefits that would have resulted during the 2009-11 biennium.

(20) Within amounts appropriated in this section the department shall develop recommendations by December 1, 2009, for a convenient and effective mercury-containing light recycling program for residents, small businesses, and small school districts throughout the state. The department shall consider options including but not limited to, a producer-funded program, a recycler-supported or recycle fee program, a consumer fee at the time of purchase, general fund appropriations, or a currently existing dedicated account. The department shall involve and consult with stakeholders including persons who represent retailers, waste haulers, recyclers, mercury-containing light manufacturers or wholesalers, cities, counties, environmental organizations and other interested parties. The department shall report its findings and recommendations for a recycling program for mercury-containing lights to the appropriate committees of the legislature by December 1, 2009.

(21) ((During the 2009-11 biennium, the department shall implement its cost reimbursement authority for processing water right applications using a competitive bidding process. For each cost reimbursement application, the department shall obtain cost proposals and other necessary information from at least three prequalified costs reimbursement consultants and shall select the lowest responsive bidder.

\_\_\_\_\_(22)) \$140,000 of the freshwater aquatic algae control account--state appropriation is provided solely for grants to cities, counties, tribes, special purpose districts, and state agencies for capital and operational expenses used to manage and study excessive saltwater algae with an emphasis on the periodic accumulation of sea lettuce on Puget Sound beaches.

((23)) (22) By December 1, 2009, the department in consultation with local governments shall conduct a remedial action grant financing alternatives report. The report shall address options for financing the remedial action grants identified in the department's report, entitled "House Bill 1761, Model Toxics Control Accounts Ten-Year Financing Plan" and shall include but not be limited to the following: (a) Capitalizing cleanup costs using debt insurance; (b) capitalizing cleanup costs using prefunded cost-cap insurance; (c) other contractual instruments with local governments; and (d) an assessment of overall economic benefits of the remedial action grants funded using the instruments identified in this section.

(23) \$220,000 of the site closure account--state appropriation is provided solely for litigation expenses associated with the lawsuit filed by energy solutions, inc., against the Northwest interstate compact on low-level radioactive waste management and its executive director.

(24) \$68,000 of the water rights processing account--state appropriation is provided solely for implementation of Engrossed Second Substitute Senate Bill No. 6267 (water rights processing). If the bill is not enacted by June 30, 2010, the amount provided in this subsection shall lapse.

(25) \$10,000 of the state toxics control account--state appropriation is provided solely for implementation of Engrossed Substitute Senate Bill No. 5543 (mercury-containing lights). If the bill is not enacted by June 30, 2010, the amount provided in this subsection shall lapse.

(26) \$300,000 of the state toxics control account--state appropriation is provided solely for piloting and evaluating two coordinated, multijurisdictional permitting teams for nontransportation projects.

(27)(a) \$4,000,000 of the state drought preparedness account--state appropriation is provided solely for response to a drought declaration pursuant to chapter 43.83B RCW. If such a drought declaration occurs, the department of ecology may provide funding to public bodies as defined in RCW 43.83B.050 in connection with projects and measures designed to alleviate drought conditions that may affect public health and safety, drinking water supplies, agricultural activities, or fish and wildlife survival.

(b) Projects or measures for which funding will be provided must be connected with a water system, water source, or water body that is receiving, or has been projected to receive, less than seventy-five percent of normal water supply, as the result of natural drought conditions. This reduction in water supply must be such that it is causing, or will cause, undue hardship for the entities or fish or wildlife depending on the water supply. The department shall issue guidelines outlining grant program and matching fund requirements within ten days of a drought declaration.

**Sec. 303.** 2010 c 3 s 302 (uncodified) is amended to read as follows:

**FOR THE STATE PARKS AND RECREATION COMMISSION**

General Fund--State Appropriation (FY 2010).....	(((\$23,326,000))
	\$23,176,000
General Fund--State Appropriation (FY 2011).....	(((\$22,729,000))
	\$20,311,000
General Fund--Federal Appropriation.....	(((\$5,902,000))
	\$6,892,000
General Fund--Private/Local Appropriation.....	\$73,000
Winter Recreation Program Account--State	

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Appropriation.....	<u>((-\$1,558,000))</u>
	<u>\$1,556,000</u>
Off Road Vehicle Account--State Appropriation.....	<u>\$239,000</u>
Snowmobile Account--State Appropriation.....	<u>\$4,842,000</u>
Aquatic Lands Enhancement Account--State Appropriation.....	<u>((-\$363,000))</u>
	<u>\$368,000</u>
Recreation Resources Account--State Appropriation....	<u>\$9,802,000</u>
NOVA Program Account--State Appropriation.....	<u>\$9,560,000</u>
Parks Renewal and Stewardship Account--State Appropriation.....	<u>((-\$71,778,000))</u>
	<u>\$72,975,000</u>
Parks Renewal and Stewardship Account--Private/Local Appropriation.....	<u>\$300,000</u>
TOTAL APPROPRIATION.....	<u>((-\$150,472,000))</u>
	<u>\$150,094,000</u>

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

(1) \$79,000 of the general fund--state appropriation for fiscal year 2010 and \$79,000 of the general fund--state appropriation for fiscal year 2011 are provided solely for a grant for the operation of the Northwest avalanche center.

(2) Proceeds received from voluntary donations given by motor vehicle registration applicants shall be used solely for the operation and maintenance of state parks.

(3) With the passage of Substitute House Bill No. 2339 (state parks system donation), the legislature finds that it has provided sufficient funds to ensure that all state parks remain open during the 2009-11 biennium. The commission shall not close state parks ((unless the bill is not enacted by June 30, 2009, or revenue collections are insufficient to fund the ongoing operation of state parks. By January 10, 2010, the commission shall provide a report to the legislature on their budget and resources related to operating parks for the remainder of the biennium)).

(4) The commission shall not close or transfer Tolmie state park.

(5) The commission shall work with the department of general administration to evaluate the commission's existing leases with the intention of increasing net revenue to state parks. The commission shall provide to the office of financial management and the legislative fiscal committees no later than September 30, 2009, a list of leases the commission proposes be managed by the department of general administration.

**Sec. 304.** 2009 c 564 s 304 (uncodified) is amended to read as follows:

#### FOR THE RECREATION AND CONSERVATION FUNDING BOARD

General Fund--State Appropriation (FY 2010).....	<u>((-\$1,511,000))</u>
	<u>\$1,486,000</u>
General Fund--State Appropriation (FY 2011).....	<u>((-\$1,558,000))</u>
	<u>\$1,480,000</u>
General Fund--Federal Appropriation.....	<u>((-\$10,431,000))</u>
	<u>\$10,322,000</u>
General Fund--Private/Local Appropriation.....	<u>\$250,000</u>
Aquatic Lands Enhancement Account--State Appropriation.....	<u>\$278,000</u>
Firearms Range Account--State Appropriation.....	<u>\$39,000</u>
Recreation Resources Account--State Appropriation.((-\$2,805,000))	<u>\$2,710,000</u>
NOVA Program Account--State Appropriation.....	<u>((-\$1,062,000))</u>
	<u>\$1,049,000</u>
TOTAL APPROPRIATION.....	<u>((-\$17,934,000))</u>
	<u>\$17,614,000</u>

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

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(1) \$204,000 of the general fund--state appropriation for fiscal year 2010 and \$244,000 of the general fund-- state appropriation for fiscal year 2011 are provided solely for the implementation of Substitute House Bill No. 2157 (salmon recovery). If the bill is not enacted by June 30, 2009, the amounts provided in this subsection shall lapse.

(2) The recreation and conservation office, under the direction of the salmon recovery funding board, shall assess watershed and regional-scale capacity issues relating to the support and implementation of salmon recovery. The assessment shall examine priority setting and incentives to further promote coordination to ensure that effective and efficient mechanisms for delivery of salmon recovery funding board funds are being utilized. The salmon recovery funding board shall distribute its operational funding to the appropriate entities based on this assessment.

(3) The recreation and conservation office shall negotiate an agreement with the Puget Sound partnership to consolidate or share certain administrative functions currently performed by each agency independently. The agencies shall proportionately share the costs of such shared functions. Examples of shared functions may include, but are not limited to, support for personnel, information technology, grant and contract management, invasive species work, legislative coordination, and policy and administrative support of various boards and councils.

(4) The biodiversity council shall be extended through fiscal year 2011.

**Sec. 305.** 2009 c 564 s 305 (uncodified) is amended to read as follows:

#### FOR THE ENVIRONMENTAL HEARINGS OFFICE

General Fund--State Appropriation (FY 2010).....	<u>((-\$1,079,000))</u>
	<u>\$1,108,000</u>
General Fund--State Appropriation (FY 2011).....	<u>((-\$1,074,000))</u>
	<u>\$1,104,000</u>
TOTAL APPROPRIATION.....	<u>((-\$2,153,000))</u>
	<u>\$2,212,000</u>

The appropriations in this section are subject to the following conditions and limitations: \$46,000 of the general fund--state appropriation for fiscal year 2010 is provided solely for tenant improvement costs associated with moving the office to a new location.

**Sec. 306.** 2010 c 3 s 303 (uncodified) is amended to read as follows:

#### FOR THE CONSERVATION COMMISSION

General Fund--State Appropriation (FY 2010).....	<u>((-\$7,575,000))</u>
	<u>\$7,556,000</u>
General Fund--State Appropriation (FY 2011).....	<u>((-\$7,590,000))</u>
	<u>\$7,285,000</u>
General Fund--Federal Appropriation.....	<u>((-\$1,179,000))</u>
	<u>\$1,178,000</u>
TOTAL APPROPRIATION.....	<u>((-\$16,344,000))</u>
	<u>\$16,019,000</u>

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

(1) In order to maintain a high degree of customer service and accountability for conservation districts, \$125,000 is to support the conservation commission's administrative activities related to the processing of conservation district invoices and budgeting.

(2) \$38,000 of the general fund--state appropriation for fiscal year 2011 is provided solely to the Kittitas conservation district for infrastructure improvements to facilitate and enhance wildlife habitat related to the wild horse coordinated resource management plan.

**Sec. 307.** 2010 c 3 s 304 (uncodified) is amended to read as follows:

<b>FOR THE DEPARTMENT OF FISH AND WILDLIFE</b>	
General Fund--State Appropriation (FY 2010).....	<u>(((\$40,686,000))</u> <u>\$41,263,000</u>
General Fund--State Appropriation (FY 2011).....	<u>(((\$38,891,000))</u> <u>\$34,337,000</u>
General Fund--Federal Appropriation.....	<u>(((\$86,330,000))</u> <u>\$85,799,000</u>
General Fund--Private/Local Appropriation.....	<u>(((\$47,490,000))</u> <u>\$47,211,000</u>
Off Road Vehicle Account--State Appropriation.....	<u>(((\$415,000))</u> <u>\$413,000</u>
Aquatic Lands Enhancement Account--State Appropriation.....	<u>(((\$6,757,000))</u> <u>\$6,739,000</u>
Recreational Fisheries Enhancement--State Appropriation.....	<u>(((\$3,640,000))</u> <u>\$3,472,000</u>
Warm Water Game Fish Account--State Appropriation.....	<u>(((\$2,877,000))</u> <u>\$2,861,000</u>
Eastern Washington Pheasant Enhancement Account-- State Appropriation.....	<u>(((\$848,000))</u> <u>\$851,000</u>
Aquatic Invasive Species Enforcement Account-- State Appropriation.....	<u>\$207,000</u>
Aquatic Invasive Species Prevention Account-- State Appropriation.....	<u>(((\$844,000))</u> <u>\$833,000</u>
Wildlife Account--State Appropriation.....	<u>(((\$76,178,000))</u> <u>\$86,878,000</u>
<u>Wildlife Account--Federal Appropriation.....</u>	<u>\$101,000</u>
<u>Wildlife Account--Private/Local Appropriation.....</u>	<u>\$39,000</u>
Game Special Wildlife Account--State Appropriation	<u>(((\$2,381,000))</u> <u>\$2,367,000</u>
Game Special Wildlife Account--Federal Appropriation.....	<u>(((\$8,928,000))</u> <u>\$3,426,000</u>
Game Special Wildlife Account--Private/Local Appropriation.....	<u>\$487,000</u>
Wildlife Rehabilitation Account--State Appropriation	<u>(((\$270,000))</u> <u>\$269,000</u>
Regional Fisheries Salmonid Recovery Account-- Federal Appropriation.....	<u>\$5,001,000</u>
Oil Spill Prevention Account--State Appropriation.....	<u>(((\$84,000))</u> <u>\$876,000</u>
Oyster Reserve Land Account--State Appropriation.....	<u>(((\$918,000))</u> <u>\$916,000</u>
<b>TOTAL APPROPRIATION.....</b>	<b><u>(((\$324,032,000))</u> <u>\$324,346,000</u></b>

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

(1) \$294,000 of the aquatic lands enhancement account--state appropriation is provided solely for the implementation of hatchery reform recommendations defined by the hatchery scientific review group.

(2) \$355,000 of the general fund--state appropriation for fiscal year 2010 and \$422,000 of the general fund--state appropriation for fiscal year 2011 are provided solely for the department to implement a pilot project with the Confederated Tribes of the Colville Reservation to develop expanded recreational fishing opportunities on Lake Rufus Woods and its northern shoreline and to conduct joint enforcement of lake fisheries on Lake Rufus Woods and adjoining waters, pursuant to state and tribal intergovernmental agreements developed under the Columbia River water supply program. For the purposes of the pilot project:

(a) A fishing permit issued to a nontribal member by the Colville Tribes shall satisfy the license requirement of RCW 77.32.010 on the waters of Lake Rufus Woods and on the north shore of Lake Rufus Woods;

(b) The Colville Tribes have agreed to provide to holders of its nontribal member fishing permits a means to demonstrate that fish in their possession were lawfully taken in Lake Rufus Woods;

(c) A Colville tribal member identification card shall satisfy the license requirement of RCW 77.32.010 on all waters of Lake Rufus Woods;

(d) The department and the Colville Tribes shall jointly designate fishing areas on the north shore of Lake Rufus Woods for the purposes of enhancing access to the recreational fisheries on the lake; and

(e) The Colville Tribes have agreed to recognize a fishing license issued under RCW 77.32.470 or RCW 77.32.490 as satisfying the nontribal member fishing permit requirements of Colville tribal law on the reservation portion of the waters of Lake Rufus Woods and at designated fishing areas on the north shore of Lake Rufus Woods;

(3) Prior to submitting its 2011-2013 biennial operating and capital budget request related to state fish hatcheries to the office of financial management, the department shall contract with the hatchery scientific review group (HSRG) to review this request. This review shall: (a) Determine if the proposed requests are consistent with HSRG recommendations; (b) prioritize the components of the requests based on their contributions to protecting wild salmonid stocks and meeting the recommendations of the HSRG; and (c) evaluate whether the proposed requests are being made in the most cost effective manner. The department shall provide a copy of the HSRG review to the office of financial management with their agency budget proposal.

(4) Within existing funds, the department shall continue implementing its capital program action plan dated September 1, 2007, including the purchase of the necessary maintenance and support costs for the capital programs and engineering tools. The department shall report to the office of financial management and the appropriate committees of the legislature, its progress in implementing the plan, including improvements instituted in its capital program, by September 30, ((2014)) 2010.

(5) \$1,232,000 of the state wildlife account--state appropriation is provided solely to implement Substitute House Bill No. 1778 (fish and wildlife). If the bill is not enacted by June 30, 2009, the amount provided in this subsection shall lapse.

(6) \$400,000 of the general fund--state appropriation for fiscal year 2010 and \$400,000 of the general fund--state appropriation for fiscal year 2011 are provided solely for a state match to support the Puget Sound nearshore partnership between the department and the U.S. army corps of engineers.

(7) (((\$100,000)) \$50,000 of the general fund--state appropriation for fiscal year 2010 and (((\$100,000)) \$50,000 of the general fund--state appropriation for fiscal year 2011 are provided solely for removal of derelict gear in Washington waters.

(8) The department of fish and wildlife shall dispose of all ((fixed wing)) Cessna aircraft it currently owns. The proceeds from the aircraft shall be deposited into the state wildlife account. Disposal of the aircraft must occur no later than June 30, 2010. The department shall coordinate with the department of natural resources on the installation of fire surveillance equipment into its Partenavia aircraft. The department shall make its Partenavia aircraft available to the department of natural resources on a cost-reimbursement basis for its use in coordinating fire suppression efforts. The two agencies shall develop an interagency agreement that defines how they will share access to the plane.

(9) \$50,000 of the general fund--state appropriation for fiscal year 2010 is provided solely for an electron project fish passage

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study consistent with the recommendations and protocols contained in the 2008 electron project downstream fish passage final report.

(10) \$60,000 of the general fund--state appropriation for fiscal year 2010 and \$60,000 of the general fund--state appropriation for fiscal year 2011 are provided solely for implementation of Engrossed Second Substitute Bill No. 5560 (agency climate leadership). If the bill is not enacted by June 30, 2009, the amounts provided in this subsection shall lapse.

(11) If sufficient new revenues are not identified to continue hatchery operations, within the constraints of legally binding tribal agreements, the department shall dispose of, by removal, sale, lease, reversion, or transfer of ownership, the following hatcheries: McKernan, Colville, Omak, Bellingham, Arlington, and Mossyrock. Disposal of the hatcheries must occur by June 30, 2011, and any proceeds received from disposal shall be deposited in the state wildlife account. Within available funds, the department shall provide quarterly reports on the progress of disposal to the office of financial management and the appropriate fiscal committees of the legislature. The first report shall be submitted no later than September 30, 2009.

(12) \$100,000 of the eastern Washington pheasant enhancement account--state appropriation is provided solely for the department to support efforts to enhance permanent and temporary pheasant habitat on public and private lands in Grant, Franklin, and Adams counties. The department may support efforts by entities including conservation districts, nonprofit organizations, and landowners, and must require such entities to provide significant nonstate matching resources, which may be in the form of funds, material, or labor.

(13) Within the amounts appropriated in this section, the department of fish and wildlife shall develop a method for allocating its administrative and overhead costs proportionate to program fund use. As part of its 2011-2013 biennial operating budget, the department shall submit a decision package that rebalances expenditure authority for all agency funds based upon proportionate contributions.

(14) Within the amounts appropriated in this section, the department shall identify additional opportunities for partnerships in order to keep fish hatcheries operational. Such partnerships shall aim to maintain fish production and salmon recovery with less reliance on state operating funds.

(15) Within the amounts appropriated in this section, the department shall work with stakeholders to develop a long-term funding model that sustains the department's work of conserving species and habitat, providing sustainable recreational and commercial opportunities and using sound business practices. The funding model analysis shall assess the appropriate uses of each fund source and whether the department's current and projected revenue levels are adequate to sustain its current programs. The department shall report its recommended funding model including supporting analysis and stakeholder participation summary to the office of financial management and the appropriate committees of the legislature by October 1, 2010.

(16) By October 1, 2010, the department shall enter into an interagency agreement with the department of natural resources for land management services for the department's wildlife conservation and recreation lands. Land management services may include but are not limited to records management, real estate services such as surveying, and land acquisition and disposal services. The interagency agreement shall describe business processes, service delivery expectations, cost, and timing. In the agreement, the department shall define its roles and responsibilities. A draft agreement shall be submitted to the office of financial management and the appropriate fiscal committees of the legislature by July 1, 2010.

(17) Prior to opening game management unit 490 to public

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hunting, the department shall complete an environmental impact statement that includes an assessment of how public hunting activities will impact the ongoing protection of the public water supply.

(18) The department must work with appropriate stakeholders to facilitate the disposition of salmon to best utilize the resource, increase revenues to regional fisheries enhancement groups, and enhance the provision of nutrients to food banks. By November 1, 2010, the department must provide a report to the appropriate committees of the legislature summarizing these discussions, outcomes, and recommendations. After November 1, 2010, the department shall not solicit or award a surplus salmon disposal contract without first giving due consideration to implementing the recommendations developed during the stakeholder process.

(19) \$50,000 of the general fund--state appropriation for fiscal year 2011 is provided solely for increased fish production at Voight Creek hatchery.

**Sec. 308.** 2009 c 564 s 308 (uncodified) is amended to read as follows:

### FOR THE DEPARTMENT OF NATURAL RESOURCES

General Fund--State Appropriation (FY 2010).....	<u>(((\$40,275,000))</u>
	<u>\$48,822,000</u>
General Fund--State Appropriation (FY 2011).....	<u>(((\$40,857,000))</u>
	<u>\$37,513,000</u>
General Fund--Federal Appropriation.....	<u>(((\$26,731,000))</u>
	<u>\$28,784,000</u>
General Fund--Private/Local Appropriation.....	<u>(((\$1,371,000))</u>
	<u>\$2,369,000</u>
Forest Development Account--State Appropriation .....	<u>(((\$41,765,000))</u>
	<u>\$41,640,000</u>
Off Road Vehicle Account--State Appropriation.....	<u>(((\$4,236,000))</u>
	<u>\$4,406,000</u>
Surveys and Maps Account--State Appropriation.....	<u>(((\$2,543,000))</u>
	<u>\$2,332,000</u>
Aquatic Lands Enhancement Account--State Appropriation.....	<u>(((\$7,217,000))</u>
	<u>\$8,315,000</u>
Resources Management Cost Account--State Appropriation.....	<u>(((\$78,951,000))</u>
	<u>\$78,704,000</u>
Surface Mining Reclamation Account--State Appropriation.....	<u>(((\$3,490,000))</u>
	<u>\$3,494,000</u>
Disaster Response Account--State Appropriation.....	<u>\$5,000,000</u>
Forest and Fish Support Account--State Appropriation.	<u>\$8,000,000</u>
Aquatic Land Dredged Material Disposal Site Account--State Appropriation.....	<u>(((\$1,336,000))</u>
	<u>\$1,333,000</u>
Natural Resources Conservation Areas Stewardship Account--State Appropriation.....	<u>(((\$34,000))</u>
	<u>\$184,000</u>
State Toxics Control Account--State Appropriation.....	<u>(((\$80,000))</u>
	<u>\$720,000</u>
Air Pollution Control Account--State Appropriation....	<u>(((\$569,000))</u>
	<u>\$568,000</u>
NOVA Program Account--State Appropriation.....	<u>(((\$982,000))</u>
	<u>\$974,000</u>
Derelict Vessel Removal Account--State Appropriation.....	<u>(((\$1,754,000))</u>
	<u>\$1,749,000</u>
Agricultural College Trust Management Account--State Appropriation.....	<u>(((\$2,643,000))</u>
	<u>\$1,941,000</u>
TOTAL APPROPRIATION.....	<u>(((\$267,834,000))</u>

**\$276,848,000**

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

(1) \$1,355,000 of the general fund--state appropriation for fiscal year 2010 and ~~((1,299,000))~~ \$349,000 of the general fund--state appropriation for fiscal year 2011 are provided solely for deposit into the agricultural college trust management account and are provided solely to manage approximately 70,700 acres of Washington State University's agricultural college trust lands.

(2) ~~((11,128,000))~~ \$22,670,000 of the general fund--state appropriation for fiscal year 2010, \$11,128,000 of the general fund--state appropriation for fiscal year 2011, and \$5,000,000 of the disaster response account--state appropriation are provided solely for emergency fire suppression. None of the general fund and disaster response account amounts provided in this subsection may be used to fund agency indirect and administrative expenses. Agency indirect and administrative costs shall be allocated among the agency's remaining accounts and appropriations. The department of natural resources shall submit a quarterly report to the office of financial management and the legislative fiscal committees detailing information on current and planned expenditures from the disaster response account. This work shall be done in coordination with the military department.

(3) \$5,000,000 of the forest and fish support account--state appropriation is provided solely for adaptive management, monitoring, and participation grants to tribes. If federal funding for this purpose is reinstated, the amount provided in this subsection shall lapse.

(4) \$600,000 of the derelict vessel removal account--state appropriation is provided solely for removal of derelict and abandoned vessels that have the potential to contaminate Puget Sound.

(5) \$666,000 of the general fund--federal appropriation is provided solely to implement House Bill No. 2165 (forest biomass energy project). If the bill is not enacted by June 30, 2009, the amount provided in this subsection shall lapse.

(6) \$5,000 of the general fund--state appropriation for fiscal year 2010 and \$5,000 of the general fund--state appropriation for fiscal year 2011 are provided solely to implement Substitute House Bill No. 1038 (specialized forest products). If the bill is not enacted by June 30, 2009, the amounts provided in this subsection shall lapse.

(7) \$440,000 of the state general fund--state appropriation for fiscal year 2010 and \$440,000 of the state general fund--state appropriation for fiscal year 2011 are provided solely for forest work crews that support correctional camps and are contingent upon continuing operations of Naselle youth camp at the level provided in fiscal year 2008. The department shall consider using up to \$2,000,000 of the general fund--federal appropriation to support and utilize correctional camp crews to implement natural resource projects approved by the federal government for federal stimulus funding.

(8) The department of natural resources shall dispose of the King Air aircraft it currently owns. Before disposal and within existing funds, the department shall transfer specialized equipment for fire surveillance to the department of fish and wildlife's Partenavia aircraft. Disposal of the aircraft must occur no later than June 30, 2010, and the proceeds from the sale of the aircraft shall be deposited into the ~~((natural resources equipment revolving fund))~~ forest and fish support account. ~~((At the expiration of current leases))~~ No later than June 30, 2011, the department shall lease facilities in eastern Washington sufficient to house the necessary aircraft, mechanics, and pilots used for forest fire prevention and suppression.

(9) \$30,000 of the general fund--state appropriation for fiscal year 2010 and \$30,000 of the general fund--state appropriation for

fiscal year 2011 are provided solely for implementation of Engrossed Second Substitute Bill No. 5560 (agency climate leadership). If the bill is not enacted by June 30, 2009, the amounts provided in this subsection shall lapse.

(10) \$1,030,000 of the aquatic lands enhancement account--state appropriation for fiscal year 2011 is provided solely for continuing scientific studies already underway as part of the adaptive management process. Funds may not be used to initiate new studies unless the department secures new federal funding for the adaptive management process.

(11) Within available funds, the department of natural resources shall review the statutory method for determining aquatic lands lease rates for private marinas, public marinas not owned and operated by port districts, yacht clubs, and other entities leasing state land for boat moorage. The review shall consider alternative methods for determining rents for these entities for a fair distribution of rent, consistent with the department management mandates for state aquatic lands.

(12) \$40,000 of the general fund--state appropriation for fiscal year 2011 and \$100,000 of the aquatic lands enhancement account--state appropriation are provided solely to install up to twenty mooring buoys in Eagle Harbor and to remove abandoned boats, floats, and other trespassing structures.

(13) By October 1, 2010, the department shall enter into an interagency agreement with the department of fish and wildlife for providing land management services on the department of fish and wildlife's wildlife conservation and recreation lands. Land management services may include but are not limited to records management, real estate services such as surveying, and land acquisition and disposal services. The interagency agreement shall describe business processes, service delivery expectations, cost, and timing. A draft agreement shall be submitted to the office of financial management and the appropriate fiscal committees of the legislature by July 1, 2010.

(14) \$41,000 of the forest development account--state appropriation, \$44,000 of the resources management cost account--state appropriation, and \$2,000 of the agricultural college trust management account--state appropriation are provided solely for the implementation of Second Substitute House Bill No. 2481 (DNR forest biomass agreements). If the bill is not enacted by June 30, 2010, the amount provided in this subsection shall lapse.

(15) The department may not include shellfish growers in its aquatic habitat conservation plan if those growers have been issued a federal nationwide or individual permit by the United States army corps of engineers, in consultation with the United States fish and wildlife service and the national marine fisheries service, which concludes that shellfish cultivation activities on department-managed aquatic lands will not pose jeopardy to threatened or endangered species under the federal endangered species act.

**Sec. 309.** 2010 c 3 s 305 (uncodified) is amended to read as follows:

#### **FOR THE DEPARTMENT OF AGRICULTURE**

General Fund--State Appropriation (FY 2010).....	<del>((12,329,000))</del>
	<u>\$12,320,000</u>
General Fund--State Appropriation (FY 2011).....	<del>((11,271,000))</del>
	<u>\$16,219,000</u>
General Fund--Federal Appropriation.....	<del>((11,565,000))</del>
	<u>\$20,947,000</u>
General Fund--Private/Local Appropriation.....	<del>((194,000))</del>
	<u>\$193,000</u>
Aquatic Lands Enhancement Account--State Appropriation.....	<del>((2,559,000))</del>
	<u>\$2,551,000</u>
State Toxics Control Account--State Appropriation...((4,298,000))	<del>((4,298,000))</del>
	<u>\$4,724,000</u>

TWENTY NINTH DAY, APRIL 12, 2010

Water Quality Permit Account--State Appropriation.....	\$61,000
<b>TOTAL APPROPRIATION.....</b>	<b>(((\$42,277,000)))</b>
	<b>\$57,015,000</b>

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

(1) \$350,000 of the aquatic lands enhancement account appropriation is provided solely for funding to the Pacific county noxious weed control board to eradicate remaining spartina in Willapa Bay.

(2) \$19,000 of the general fund--state appropriation for fiscal year 2010 and \$6,000 of the general fund--state appropriation for fiscal year 2011 are provided solely to implement Substitute Senate Bill No. 5797 (solid waste handling permits). If the bill is not enacted by June 30, 2009, the amounts provided in this subsection shall lapse.

(3) The department is authorized to establish or increase the following fees in the 2009-11 biennium as necessary to meet the actual costs of conducting business: Christmas tree grower licensing, nursery dealer licensing, plant pest inspection and testing, and commission merchant licensing.

(4) \$5,420,000 of the general fund--state appropriation for fiscal year 2011 and \$2,782,000 of the general fund--federal appropriation are provided solely for implementation of Substitute Senate Bill No. 6341 (food assistance/department of agriculture). Within amounts appropriated in this subsection, \$65,000 of the general fund--state appropriation for fiscal year 2011 is provided solely for a contract with a food distribution program for communities in the southwestern portion of the state and for workers impacted by timber and salmon fishing closures and reductions. The department may not charge administrative overhead or expenses to this contract. If the bill is not enacted by June 30, 2010, the amounts provided in this subsection shall lapse.

(5) The department shall, if public or private funds are available, partner with eligible public and private entities with experience in food collection and distribution to review funding sources for eight full-time volunteers in the AmeriCorps VISTA program to conduct outreach to local growers, agricultural donors, and community volunteers. Public and private partners shall also be utilized to coordinate gleaning unharvested tree fruits and fresh produce for distribution to individuals throughout Washington state.

(6) When reducing laboratory activities and functions, the department shall not impact any research or analysis pertaining to bees.

**Sec. 310.** 2009 c 564 s 310 (uncodified) is amended to read as follows:

#### FOR THE WASHINGTON POLLUTION LIABILITY REINSURANCE PROGRAM

Pollution Liability Insurance Program Trust

Account--State Appropriation.....	(((\$638,000)))
	<u>\$636,000</u>

**Sec. 311.** 2010 c 3 s 306 (uncodified) is amended to read as follows:

#### FOR THE PUGET SOUND PARTNERSHIP

General Fund--State Appropriation (FY 2010).....	(((\$3,172,000)))
	<u>\$3,143,000</u>

General Fund--State Appropriation (FY 2011).....	(((\$3,143,000)))
	<u>\$2,864,000</u>

General Fund--Federal Appropriation.....	(((\$3,623,000)))
	<u>\$7,214,000</u>

Aquatic Lands Enhancement Account--State Appropriation.....	(((\$500,000)))
	<u>\$493,000</u>

State Toxics Control Account--State Appropriation.....	(((\$896,000)))
	<u>\$794,000</u>

<b>TOTAL APPROPRIATION.....</b>	<b>(((\$11,334,000)))</b>
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\$14,508,000

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

(1) \$305,000 of the general fund--state appropriation for fiscal year 2010 is provided solely for measuring water and habitat quality to determine watershed health and assist salmon recovery.

(2) (((\$896,000))) \$794,000 of the state toxics control account--state appropriation is provided solely for activities that contribute to Puget Sound protection and recovery, including provision of independent advice and assessment of the state's oil spill prevention, preparedness, and response programs, including review of existing activities and recommendations for any necessary improvements. The partnership may carry out this function through an existing committee, such as the ecosystem coordination board or the leadership council, or may appoint a special advisory council. Because this is a unique statewide program, the partnership may invite participation from outside the Puget Sound region.

(3) Within the amounts appropriated in this section, the Puget Sound partnership shall facilitate an ongoing monitoring consortium to integrate monitoring efforts for storm water, water quality, watershed health, and other indicators to enhance monitoring efforts in Puget Sound.

(4) The Puget Sound partnership shall work with Washington State University and the environmental protection agency to secure funding for the beach watchers program.

(5) (((\$877,000))) \$839,000 of the general fund--state appropriation for fiscal year 2010 and (((\$877,000))) \$764,000 of the general fund--state appropriation for fiscal year 2011 are provided solely to support public education and volunteer programs. The partnership is directed to distribute the majority of funding as grants to local organizations, local governments, and education, communication, and outreach network partners. The partnership shall track progress for this activity through the accountability system of the Puget Sound partnership.

(6) The Puget Sound partnership shall negotiate an agreement with the recreation and conservation office to consolidate or share certain administrative functions currently performed by each agency independently. The agencies shall proportionately share the costs of such shared functions. Examples of shared functions may include, but are not limited to, support for personnel, information technology, grant and contract management, invasive species work, legislative coordination, and policy and administrative support of various boards and councils.

(End of part)

#### PART IV TRANSPORTATION

**Sec. 401.** 2010 c 3 s 401 (uncodified) is amended to read as follows:

#### FOR THE DEPARTMENT OF LICENSING

General Fund--State Appropriation (FY 2010).....	\$1,436,000
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General Fund--State Appropriation (FY 2011).....	(((\$1,535,000)))
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	<u>\$1,524,000</u>
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Architects' License Account--State Appropriation.....	(((\$767,000)))
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	<u>\$923,000</u>
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Professional Engineers' Account--State

Appropriation.....	(((\$3,586,000)))
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	<u>\$3,568,000</u>
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Real Estate Commission	Account--State
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Appropriation.....	(((\$10,047,000)))
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	<u>\$9,987,000</u>
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Master License Account--State Appropriation.....	\$15,718,000
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Uniform Commercial Code Appropriation.....	Account--State (( <u>\$3,100,000</u> )) <u>\$3,090,000</u>
Real Estate Education Account--State Appropriation.....	\$276,000
Real Estate Appraiser Commission Account--State Appropriation.....	(( <u>\$1,692,000</u> )) <u>\$1,683,000</u>
Business and Professions Account--State Appropriation.....	(( <u>\$15,270,000</u> )) <u>\$15,188,000</u>
Real Estate Research Account--State Appropriation....	(( <u>\$320,000</u> )) <u>\$471,000</u>
Geologists' Account--State Appropriation.....	\$53,000
Derelict Vessel Removal Account--State Appropriation....	\$31,000
TOTAL APPROPRIATION.....	(( <u>\$53,831,000</u> )) <u>\$53,948,000</u>

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

(1) Pursuant to RCW 43.135.055, the department is authorized to increase fees for cosmetologists, funeral directors, cemeteries, court reporters and appraisers. These increases are necessary to support the expenditures authorized in this section, consistent with RCW 43.24.086.

(2) \$1,352,000 of the business and professions account--state appropriation is provided solely to implement Substitute Senate Bill No. 5391 (tattoo and body piercing). If the bill is not enacted by June 30, 2009, the amount provided in this subsection shall lapse.

(3) \$358,000 of the business and professions account--state appropriation is provided solely to implement Senate Bill No. 6126 (professional athletics). If the bill is not enacted by June 30, 2009, the amount provided in this subsection shall lapse.

(4) \$151,000 of the real estate research account appropriation is provided solely to implement chapter 156, Laws of 2010 (real estate broker licensure fees).

(5) \$158,000 of the architects' license account--state appropriation is provided solely to implement chapter 129, Laws of 2010 (architect licensing).

(6) \$60,000 of the master license account--state appropriation is provided solely to implement chapter 174, Laws of 2010 (vaccine association). The amount provided in this subsection shall be from fee revenue authorized in chapter 174, Laws of 2010.

**Sec. 402.** 2010 c 3 s 402 (uncodified) is amended to read as follows:

#### FOR THE STATE PATROL

General Fund--State Appropriation (FY 2010).....	(( <u>\$40,668,000</u> )) <u>\$38,977,000</u>
General Fund--State Appropriation (FY 2011).....	(( <u>\$39,566,000</u> )) <u>\$36,059,000</u>
General Fund--Federal Appropriation.....	(( <u>\$11,401,000</u> )) <u>\$15,793,000</u>
General Fund--Private/Local Appropriation.....	(( <u>\$3,568,000</u> )) <u>\$4,986,000</u>
Death Investigations Account--State Appropriation...(( <u>\$6,022,000</u> ))	<u>\$5,580,000</u>
Enhanced 911 Account--State Appropriation.....	(( <u>\$589,000</u> )) <u>\$603,000</u>
County Criminal Justice Assistance Account--State Appropriation.....	(( <u>\$3,122,000</u> )) <u>\$3,146,000</u>
Municipal Criminal Justice Assistance Account--State Appropriation.....	(( <u>\$1,245,000</u> )) <u>\$1,255,000</u>
Fire Service Trust Account--State Appropriation.....	\$131,000
Disaster Response Account--State Appropriation.....	\$8,002,000
Fire Service Training Account--State Appropriation..(( <u>\$8,717,000</u> ))	<u>\$8,821,000</u>

Aquatic Invasive Species Enforcement Account--State Appropriation.....	\$54,000
State Toxics Control Account--State Appropriation...(( <u>\$504,000</u> ))	<u>\$509,000</u>
Fingerprint Identification Account--State Appropriation.....	(( <u>\$7,371,000</u> )) <u>\$10,454,000</u>
TOTAL APPROPRIATION.....	(( <u>\$130,960,000</u> )) <u>\$134,370,000</u>

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

(1) \$200,000 of the fire service training account--state appropriation is provided solely for two FTEs in the office of the state director of fire protection to exclusively review K-12 construction documents for fire and life safety in accordance with the state building code. It is the intent of this appropriation to provide these services only to those districts that are located in counties without qualified review capabilities.

(2) \$8,000,000 of the disaster response account--state appropriation is provided solely for Washington state fire service resource mobilization costs incurred in response to an emergency or disaster authorized under RCW 43.43.960 and 43.43.964. The state patrol shall submit a report quarterly to the office of financial management and the legislative fiscal committees detailing information on current and planned expenditures from this account. This work shall be done in coordination with the military department.

(3) The 2010 legislature will review the use of king air planes by the executive branch and the adequacy of funding in this budget regarding maintaining and operating the planes to successfully accomplish their mission.

(4) The appropriations in this section reflect reductions in the appropriations for the agency's administrative expenses. It is the intent of the legislature that these reductions shall be achieved, to the greatest extent possible, by reducing those administrative costs that do not affect direct client services or direct service delivery or programs.

(5) \$400,000 of the fire service training account--state appropriation is provided solely for the firefighter apprenticeship training program.

(6) \$48,000 of the fingerprint identification account--state appropriation is provided solely to implement Substitute House Bill No. 1621 (consumer loan companies). If the bill is not enacted by June 30, 2009, the amounts provided in this subsection shall lapse.

(7) In accordance with RCW 43.43.942, 46.52.085, and 43.135.055, the state patrol is authorized to increase the following fees in fiscal year 2011 as necessary to meet the actual costs of conducting business and the appropriation levels in this section: Collision records requests; fire training academy courses; and fire training academy dorm accommodations.

(8) \$24,000 of the fingerprint identification account--state appropriation is provided solely for implementation of chapter 47, Laws of 2010 (criminal background checks).

(End of part)

#### PART V EDUCATION

**Sec. 501.** 2009 c 564 s 501 (uncodified) is amended to read as follows:

<b>FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION</b>	
General Fund--State Appropriation (FY 2010).....	(( <u>\$34,798,000</u> )) <u>\$35,415,000</u>
General Fund--State Appropriation (FY 2011).....	(( <u>\$32,969,000</u> ))

TWENTY NINTH DAY, APRIL 12, 2010

	<u>\$33,610,000</u>
General Fund--Federal Appropriation.....	(( <u>\$86,571,000</u> ))
	<u>\$87,081,000</u>
TOTAL APPROPRIATION.....	(( <u>\$154,338,000</u> ))
	<u>\$156,106,000</u>

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

(1) A maximum of ((\$22,532,000)) \$23,096,000 of the general fund--state appropriation for fiscal year 2010 and ((\$21,023,000)) \$21,926,000 of the general fund--state appropriation for fiscal year 2011 is for state agency operations.

(a) ((\$11,792,000)) \$11,226,000 of the general fund--state appropriation for fiscal year 2010 and ((\$11,325,000)) \$10,367,000 of the general fund--state appropriation for fiscal year 2011 are provided solely for the operation and expenses of the office of the superintendent of public instruction.

(i) Within the amounts provided in this subsection, the superintendent shall recognize the extraordinary accomplishments of four students who have demonstrated a strong understanding of the civics essential learning requirements to receive the Daniel J. Evans civic education award.

(ii) Within amounts appropriated in this subsection (1)(a), the office of the superintendent of public instruction, consistent with WAC 392-121-182 (alternative learning experience requirements) which requires documentation of alternative learning experience student headcount and full-time equivalent (FTE) enrollment claimed for basic education funding, shall provide, ((via the)) monthly ((report of school district enrollment)), accurate monthly headcount and FTE enrollments for students in ((internet)) alternative learning experience (ALE) programs as well as information about resident and serving districts.

(iii) Within amounts provided in this subsection (1)(a), the state superintendent of public instruction shall share best practices with school districts regarding strategies for increasing efficiencies and economies of scale in school district noninstructional operations through shared service arrangements and school district cooperatives, as well as other practices.

(b) \$250,000 of the general fund--state appropriation for fiscal year 2011 is provided solely for a statewide school district reorganization commission.

(i) The commission shall develop and recommend a comprehensive plan for the reorganization of Washington school districts for review and potential adoption by the legislature.

(ii) The commission shall be composed of the following members: A representative of the state board of education selected by the members of the board; two representatives of school administrators selected by the Washington association of school administrators, with one representative each from eastern and western Washington; two representatives of school board directors selected by the Washington state school directors' association, with one representative each from eastern and western Washington; one representative of certificated instructional school employees selected by the Washington education association; an individual with experience as a demographer or as a participant on the redistricting commission under chapter 44.05 RCW selected by the governor.

(iii) The commission shall develop objective criteria, ranked in priority order, for the reorganization of Washington school districts to include consideration of but not be limited to criteria in RCW 28A.315.015 and 28A.315.205. Based on the adopted objective criteria, the commission shall develop a comprehensive plan for the reorganization and reduction of Washington school districts. The plan may also result in a reorganization of the number and boundaries of educational service districts.

(iv) The commission shall submit a final comprehensive school

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district reorganization plan to the superintendent of public instruction, the governor, and the legislature by December 1, 2012, to include the following: A list of the recommended school districts and educational service districts and their respective boundaries; recommended procedures and timelines for phased-in implementation of the reorganization plan; procedures and timelines for determination, adjustment, and transfer of assets and liabilities among school districts, including bonded indebtedness; procedures and timelines for determination and election of school district and educational service district boards of directors; and any other relevant elements the commission deems essential for legislative and gubernatorial consideration.

(c) \$25,000 of the general fund--state appropriation for fiscal year 2011 is provided to the office of the superintendent of public instruction solely to convene a science, technology, engineering, and mathematics (STEM) working group to develop a comprehensive plan with a shared vision, goals, and measurable objectives to improve policies and practices to ensure that a pathway is established for elementary schools, middle schools, high schools, postsecondary degree programs, and careers in the areas of STEM, including improving practices for recruiting, preparing, hiring, retraining, and supporting teachers and instructors while creating pathways to boost student success, close the achievement gap, and prepare every student to be college and career ready. The working group shall be composed of the director of STEM at the office of the superintendent of public instruction who shall be the chair of the working group, and at least one representative from the state board of education, professional educator standards board, state board of community and technical colleges, higher education coordinating board, workforce training and education coordinating board, the achievement gap oversight and accountability committee, and others with appropriate expertise. The working group shall develop a comprehensive plan and a report with recommendations, including a timeline for specific actions to be taken, which is due to the governor and the appropriate committees of the legislature by December 1, 2010.

(d) ((\$927,000)) \$920,000 of the general fund--state appropriation for fiscal year 2010 and \$941,000 of the general fund--state appropriation for fiscal year 2011 are provided solely for research and development activities associated with the development of options for new school finance systems, including technical staff, reprogramming, and analysis of alternative student funding formulae. Within this amount is \$150,000 for the state board of education for further development of accountability systems, and \$150,000 for the professional educator standards board for continued development of teacher certification and evaluation systems.

((b)) (e) \$965,000 of the general fund--state appropriation for fiscal year 2010 and ((\$965,000)) \$946,000 of the general fund--state appropriation for fiscal year 2011 are provided solely for the operation and expenses of the state board of education, including basic education assistance activities.

((e)) (f) \$5,366,000 of the general fund--state appropriation for fiscal year 2010 and ((\$5,264,000)) \$3,312,000 of the general fund--state appropriation for fiscal year 2011 are provided solely to the professional educator standards board for the following:

(i) \$1,070,000 in fiscal year 2010 and ((\$1,070,000)) \$1,058,000 in fiscal year 2011 are for the operation and expenses of the Washington professional educator standards board((, including administering the alternative routes to certification program, pipeline for paraprofessionals conditional scholarship loan program, and the retooling to teach math conditional loan program));

(ii) ((\$3,431,000)) \$4,106,000 of the general fund--state appropriation for fiscal year 2010 and ((\$3,431,000)) \$2,066,000 of the general fund--state appropriation for fiscal year 2011 are for

conditional scholarship loans and mentor stipends provided through the alternative routes to certification program administered by the professional educator standards board, including the pipeline for paraeducators program and the retooling to teach conditional loan programs. Funding within this subsection (1)(f)(ii) is also provided for the recruiting Washington teachers program. ((Of these amounts:

(A) \$500,000 each year is for conditional scholarships to candidates seeking an endorsement in special education, math, science, or bilingual education;

(B) \$2,372,000 for fiscal year 2010 and \$2,372,000 for fiscal year 2011 are for the expansion of conditional scholarship loans and mentor stipends for individuals enrolled in alternative route state partnership programs and seeking endorsements in math, science, special education or bilingual education;

(C) Any remaining amounts in this subsection (e) shall be used to continue existing alternative routes to certification programs; and

(D) Candidates seeking math and science endorsements under (A) and (B) of this subsection shall receive priority for funding;

(iii) \$231,000 of the general fund state appropriation for fiscal year 2010 and \$231,000 of the general fund state appropriation for fiscal year 2011 are for the recruiting Washington teachers program;

(iv) \$200,000 of the general fund state appropriation for fiscal year 2010 and \$200,000 of the general fund state appropriation for fiscal year 2011 provided in this subsection are for \$4,000 conditional loan stipends for paraeducators participating in the pipeline for paraeducators program;

(v) \$244,000 of the general fund state appropriation for fiscal year 2010 and \$244,000 of the general fund state appropriation for fiscal year 2011 are for conditional stipends for certificated teachers pursuing a mathematics or science endorsement under the retooling to teach mathematics or science program. The conditional stipends shall be for endorsement exam fees as well as stipends for teachers who must also complete coursework; and

(vi)) (iii) \$102,000 of the general fund-state appropriation for fiscal year 2010 is provided for the implementation of Second Substitute Senate Bill No. 5973 (student achievement gap). ((The professional educator standards board (PESB) will convene a workgroup to identify a list of model standards for cultural competency and make recommendations to the education committees of the legislature on the strengths and weaknesses of those standards. Funding is also included here in the amount of \$10,000 for the PESB to develop an interagency agreement with the center for the improvement of student learning to participate.

(d) \$1,099,000) \$100,000 of the general fund-state appropriation for fiscal year 2011 is provided solely for the ongoing work of the achievement gap oversight and accountability committee and implementation of the committee's recommendations.

(iv) During the 2009-2011 fiscal biennium, the professional educator standards board is exempt from the provisions of chapter 7, Laws of 2010 1st sp. sess. (eliminating boards and commissions).

(g) \$1,349,000 of the general fund-state appropriation for fiscal year 2010 and \$144,000 of the general fund-state appropriation for fiscal year 2011 are provided solely for replacement of the apportionment system, which includes the processes that collect school district budget and expenditure information, staffing characteristics, and the student enrollments that drive the funding process.

((e) \$1,227,000)) (h) \$1,140,000 of the general fund-state appropriation for fiscal year 2010 and \$1,227,000 of the general fund-state appropriation for fiscal year 2011 are provided solely for the creation of a statewide data base of longitudinal student information. This amount is conditioned on the department satisfying the requirements in section 902 of this act.

((f))) (i) \$75,000 of the general fund-state appropriation for fiscal year 2010 ((and \$75,000 of the general fund state appropriation for fiscal year 2011 are)) is provided solely to promote the financial literacy of students. The effort will be coordinated through the financial education public-private partnership. It is expected that nonappropriated funds available to the public-private partnership will be sufficient to continue financial literacy activities.

((g))) (j) To the maximum extent possible, in adopting new agency rules or making any changes to existing rules or policies related to the fiscal provisions in the administration of part V of this act, the office of the superintendent of public instruction shall attempt to request approval through the normal legislative budget process.

((h))) (k) \$44,000 of the general fund-state appropriation for fiscal year 2010 and \$45,000 of the general fund-state appropriation for fiscal year 2011 are provided solely for the implementation of Substitute Senate Bill No. 5248 (enacting the interstate compact on educational opportunity for military children).

((i))) (l) \$700,000 of the general fund-state appropriation for fiscal year 2010 and \$700,000 of the general fund-state appropriation for fiscal year 2011 are provided solely for the implementation of Substitute Senate Bill No. 5410 (online learning).

((j))) (m) \$25,000 of the general fund-state appropriation for fiscal year 2010 and \$25,000 of the general fund-state appropriation for fiscal year 2011 are provided solely for project citizen, a program sponsored by the national conference of state legislatures and the center for civic education to promote participation in government by middle school students.

(n) \$2,518,000 of the general fund-state appropriation for fiscal year 2011 is provided solely for the implementation of Substitute House Bill No. 2776 (K-12 education funding). If the bill is not enacted by June 30, 2010, the amount provided in this subsection shall lapse.

(o) \$133,000 of the general fund-state appropriation for fiscal year 2011 is provided solely for the implementation of Engrossed Second Substitute House Bill No. 3026 (state and federal civil rights laws). If the bill is not enacted by June 30, 2010, the amount provided in this subsection shall lapse.

(p) Beginning in the 2010-11 school year, 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.

(q) \$55,000 of the general fund-state appropriation for fiscal year 2011 is provided to the office of the superintendent of public instruction solely to convene a technical working group to establish standards, guidelines, and definitions for what constitutes a basic education program for highly capable students and the appropriate funding structure for such a program, and to submit recommendations to the legislature for consideration. The working group may convene advisory subgroups on specific topics as necessary to assure participation and input from a broad array of diverse stakeholders. The working group must consult with and seek input from nationally recognized experts; researchers and academics on the unique educational, emotional, and social needs of highly capable students and how to identify such students; representatives of national organizations and associations for educators of or advocates for highly capable students; school district representatives who are educators, counselors, and classified school employees involved with highly capable programs; parents of students who have been identified as highly capable; representatives from the federally recognized tribes; and representatives of cultural, linguistic, and racial minority groups and the community of persons with disabilities. The working group shall make recommendations

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to the quality education council and to appropriate committees of the legislature by December 1, 2010. The recommendations shall take into consideration that access to the program for highly capable students is not an individual entitlement for any particular student. The recommendations shall seek to minimize underrepresentation of any particular demographic or socioeconomic group by better identification, not lower standards or quotas, and shall include the following:

(i) Standardized state-level identification procedures, standards, criteria, and benchmarks, including a definition or definitions of a highly capable student. Students who are both highly capable and are students of color, are poor, or have a disability must be addressed;

(ii) Appropriate programs and services that have been shown by research and practice to be effective with highly capable students but maintain options and flexibility for school districts, where possible;

(iii) Program administration, management, and reporting requirements for school districts;

(iv) Appropriate educator qualifications, certification requirements, and professional development and support for educators and other staff who are involved in programs for highly capable students;

(v) Self-evaluation models to be used by school districts to determine the effectiveness of the program and services provided by the school district for highly capable programs;

(vi) An appropriate state-level funding structure; and

(vii) Other topics deemed to be relevant by the working group.

(r) \$1,000,000 of the general fund-state appropriation for fiscal year 2011 is provided solely for contracting with a college scholarship organization with expertise in conducting outreach to students concerning eligibility for the Washington college bound scholarship consistent with chapter 405, Laws of 2007.

(s) \$24,000 of the general fund-state appropriation for fiscal year 2010 and \$140,000 of the general fund-state appropriation for fiscal year 2011 are provided solely for implementation of Substitute Senate Bill No. 6759 (requiring a plan for a voluntary program of early learning as a part of basic education). If the bill is not enacted by June 30, 2010, the amounts provided in this subsection (1)(r) shall lapse.

(t) \$950,000 of the general fund-state appropriation for fiscal year 2010 is provided solely for office of the attorney general costs related to *McCleary v. State of Washington*.

(2) (\$12,836,000) \$12,320,000 of the general fund-state appropriation for fiscal year 2010, (\$12,407,000) \$11,685,000 of the general fund-state appropriation for fiscal year 2011, and \$55,890,000 of the general fund-federal appropriation are for statewide programs.

#### (a) HEALTH AND SAFETY

(i) \$2,541,000 of the general fund-state appropriation for fiscal year 2010 and \$2,541,000 of the general fund-state appropriation for fiscal year 2011 are provided solely for a corps of nurses located at educational service districts, as determined by the superintendent of public instruction, to be dispatched to the most needy schools to provide direct care to students, health education, and training for school staff.

(ii) \$100,000 of the general fund-state appropriation for fiscal year 2010 and \$100,000 of the general fund-state appropriation for fiscal year 2011 are provided solely for a school safety training program provided by the criminal justice training commission. The commission, in collaboration with the school safety center advisory committee, shall provide the school safety training for all school administrators and school safety personnel, including school safety personnel hired after the effective date of this section.

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(iii) \$9,670,000 of the general fund-federal appropriation is provided for safe and drug free schools and communities grants for drug and violence prevention activities and strategies.

(iv) \$96,000 of the general fund-state appropriation for fiscal year 2010 and \$96,000 of the general fund-state appropriation for fiscal year 2011 are provided solely for the school safety center in the office of the superintendent of public instruction subject to the following conditions and limitations:

(A) The safety center shall: Disseminate successful models of school safety plans and cooperative efforts; provide assistance to schools to establish a comprehensive safe school plan; select models of cooperative efforts that have been proven successful; act as an information dissemination and resource center when an incident occurs in a school district either in Washington or in another state; coordinate activities relating to school safety; review and approve manuals and curricula used for school safety models and training; and develop and maintain a school safety information web site.

(B) The school safety center advisory committee shall develop a training program, using the best practices in school safety, for all school safety personnel.

(v) \$70,000 of the general fund-state appropriation for fiscal year 2010 ((and \$70,000 of the general fund-state appropriation for fiscal year 2011 are)) is provided solely for the youth suicide prevention program.

(vi) \$50,000 of the general fund-state appropriation for fiscal year 2010 and \$50,000 of the general fund-state appropriation for fiscal year 2011 are provided solely for a nonviolence and leadership training program provided by the institute for community leadership.

#### (b) TECHNOLOGY

(i) (\$1,939,000) \$1,842,000 of the general fund-state appropriation for fiscal year 2010 and (\$1,939,000) \$1,745,000 of the general fund-state appropriation for fiscal year 2011 are provided solely for K-20 telecommunications network technical support in the K-12 sector to prevent system failures and avoid interruptions in school utilization of the data processing and video-conferencing capabilities of the network. These funds may be used to purchase engineering and advanced technical support for the network.

(ii) \$1,475,000 of the general fund-state appropriation for fiscal year 2010, \$1,045,000 of the general fund-state appropriation for fiscal year 2011, and \$435,000 of the general fund-federal appropriation are provided solely for implementing a comprehensive data system to include financial, student, and educator data. The office of the superintendent of public instruction will convene a data governance group to create a comprehensive needs-requirement document, conduct a gap analysis, and define operating rules and a governance structure for K-12 data collections. ((A preliminary report shall be submitted to the fiscal committees and the education policy committees of the house of representatives and senate by November 2009.

(iii) \$1,656,000 of the general fund-federal appropriation for fiscal year 2010 and \$2,483,000 of the general fund-federal appropriation for fiscal year 2011 of the American recovery and reinvestment act (ARRA) 2009 funds for education technology are provided solely for distribution to school districts, by formula, as provided in the ARRA and related federal guidelines. \$4,139,000 of the general fund-federal appropriation of the American recovery and reinvestment act (ARRA) 2009 funds for education technology shall be awarded to local education agencies through a competitive grant process.)

#### (c) GRANTS AND ALLOCATIONS

(i) \$1,329,000 of the general fund-state appropriation for fiscal year 2010 and \$1,329,000 of the general fund-state appropriation for fiscal year 2011 are provided solely for the special services pilot

project to include up to seven participating districts. The office of the superintendent of public instruction shall allocate these funds to the district or districts participating in the pilot program according to the provisions of RCW 28A.630.016.

(ii) \$750,000 of the general fund--state appropriation for fiscal year 2010 and \$750,000 of the general fund--state appropriation for fiscal year 2011 are provided solely for the Washington state achievers scholarship program. The funds shall be used to support community involvement officers that recruit, train, and match community volunteer mentors with students selected as achievers scholars.

(iii) \$25,000 of the general fund--state appropriation for fiscal year 2010 (~~((and \$25,000 of the general fund--state appropriation for fiscal year 2011 are))~~ is provided solely for developing and disseminating curriculum and other materials documenting women's role in World War II.

(iv) \$175,000 of the general fund--state appropriation for fiscal year 2010 and \$175,000 of the general fund--state appropriation for fiscal year 2011 are provided solely for incentive grants for districts and pilot projects to develop preapprenticeship programs. Incentive grant awards up to \$10,000 each shall be used to support the program's design, school/business/labor agreement negotiations, and recruiting high school students for preapprenticeship programs in the building trades and crafts.

(v) ~~(((\$3,219,000)))~~ \$2,898,000 of the general fund--state appropriation for fiscal year 2010 and ~~(((\$3,220,000)))~~ \$3,120,000 of the general fund--state appropriation for fiscal year 2011 are provided solely for the dissemination of the navigation 101 curriculum to all districts. The funding shall support electronic student planning tools and software for analyzing the impact of navigation 101 on student performance, as well as grants to a maximum of one hundred school districts each year, based on progress and need for the implementation of the navigation 101 program. The implementation grants shall be awarded to a cross-section of school districts reflecting a balance of geographic and demographic characteristics. Within the amounts provided, the office of the superintendent of public instruction will create a navigation 101 accountability model to analyze the impact of the program.

(vi) ~~(((\$675,000)))~~ \$627,000 of the general fund--state appropriation for fiscal year 2010 and ~~(((\$675,000)))~~ \$337,000 of the general fund--state appropriation for fiscal year 2011 are provided solely for implementation of a statewide program for comprehensive dropout prevention, intervention, and retrieval.

(vii) ~~(((\$50,000)))~~ \$40,000 of the general fund--state appropriation for fiscal year 2010 (~~((and \$50,000 of the general fund--state appropriation for fiscal year 2011 are))~~) is provided solely for program initiatives to address the educational needs of Latino students and families. Using the full amounts of the appropriations under this subsection (2)(c)(vii), the office of the superintendent of public instruction shall contract with the Seattle community coalition of compaña quetzal to provide for three initiatives: (A) Early childhood education; (B) parent leadership training; and (C) high school success and college preparation programs.

(viii) ~~(((\$75,000)))~~ \$60,000 of the general fund--state appropriation for fiscal year 2010 and \$75,000 of the general fund--state appropriation for fiscal year 2011 are provided solely for a pilot project to encourage bilingual high school students to pursue public school teaching as a profession. Using the full amounts of the appropriation under this subsection, the office of the superintendent of public instruction shall contract with the Latino/a educational achievement project (LEAP) to work with school districts to identify and mentor not fewer than fifty bilingual students in their junior year of high school, encouraging them to become bilingual instructors in schools with high English language learner populations. Students shall be mentored by bilingual

teachers and complete a curriculum developed and approved by the participating districts.

(ix) \$145,000 of the general fund--state appropriation for fiscal year 2010 and ~~(((\$145,000)))~~ \$75,000 of the general fund--state appropriation for fiscal year 2011 are provided solely to the office of the superintendent of public instruction to enhance the reading skills of students with dyslexia by implementing the findings of the dyslexia pilot program. Funds shall be used to provide information and training to classroom teachers and reading specialists, for development of a dyslexia handbook, and to take other statewide actions to improve the reading skills of students with dyslexia. The training program shall be delivered regionally through the educational service districts.

(x) \$97,000 of the general fund--state appropriation for fiscal year 2010 and \$97,000 of the general fund--state appropriation for fiscal year 2011 are provided solely to support vocational student leadership organizations.

~~(((\$25,000 of the general fund--state appropriation for fiscal year 2010 and \$25,000 of the general fund--state appropriation for fiscal year 2011 are provided solely for the communities in school program in Pierce county.)))~~ \$150,000 of the general fund--state appropriation for fiscal year 2011 is provided solely for drop-out prevention programs at the office of the superintendent of public instruction including the jobs for America's graduates (JAG) program.

**Sec. 502.** 2009 c 564 s 502 (uncodified) is amended to read as follows:

<b>FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION--FOR GENERAL APPORTIONMENT</b>
General Fund--State Appropriation (FY 2010)... <del>(((\$5,083,217,000)))</del>
\$5,126,153,000
General Fund--State Appropriation (FY 2011)... <del>(((\$5,103,543,000)))</del>
\$5,159,625,000
<b>TOTAL APPROPRIATION.....<del>(((\$10,186,760,000)))</del></b>
<b>\$10,285,778,000</b>

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) Allocations for certificated staff salaries for the 2009-10 and 2010-11 school years shall be determined using formula-generated staff units calculated pursuant to this subsection. Staff allocations for small school enrollments in (e) through (g) of this subsection shall be reduced for vocational full-time equivalent enrollments. Staff allocations for small school enrollments in grades K-6 shall be the greater of that generated under (a) of this subsection, or under (d) and (e) of this subsection. Certificated staffing allocations shall be as follows:

(a) On the basis of each 1,000 average annual full-time equivalent enrollments, excluding full-time equivalent enrollment otherwise recognized for certificated staff unit allocations under (d) through (g) of this subsection:

(i) Four certificated administrative staff units per thousand full-time equivalent students in grades K-12;

(ii) ~~((A)(I) ((Fifty three and two tenths certificated instructional staff units per thousand full time equivalent students in grades K-4 for districts that enroll fewer than 25 percent of their total full time equivalent student enrollment in grades K-4 in digital or online learning programs defined in WAC 392-121-182.))~~

~~((B) All other districts shall be allocated a minimum of forty nine certificated instructional staff units per 1,000 full time equivalent (FTE) students in grades K through four, and shall be allocated additional certificated instructional staff units to equal the documented staffing level in grades K through four, up to a maximum of fifty three and two tenths certificated instructional~~

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staff units per 1,000 FTE students.

(C) Certificated instructional staff allocations in this subsection (2)(a)(ii) exceeding the statutory minimums established in RCW 28A.150.260 shall not be considered part of basic education.) For districts that enroll fewer than 25 percent of their total full-time equivalent student enrollment in grades K through three in digital or online learning programs as defined in WAC 392-121-182, fifty-three and two-tenths certificated instructional staff units per thousand full-time equivalent students in grades K through three.

(II) For all other districts, a minimum of forty-nine certificated instructional staff units per 1,000 full-time equivalent (FTE) students in grades K through three, with additional certificated instructional staff units to equal the documented staffing level in grades K through three, up to a maximum of fifty-three and two-tenths certificated instructional staff units per 1,000 FTE students.

(B)(I) For districts that enroll fewer than 25 percent of their total full-time equivalent student enrollment in grade four in digital or online learning programs defined in WAC 392-121-182: For the 2009-10 school year, fifty-three and two-tenths certificated instructional staff units per thousand full-time equivalent students in grade four, and for the 2010-11 school year, forty-seven and forty-three one-hundredths certificated instructional staff units per thousand full-time equivalent students in grade four.

(II) For all other districts:

For the 2009-10 school year, a minimum of forty-six certificated instructional staff units per 1,000 full-time equivalent (FTE) students in grade four, and additional certificated instructional staff units to equal the documented staffing level in grade four, up to a maximum of fifty-three and two-tenths certificated instructional staff units per 1,000 FTE students.

For the 2010-11 school year, a minimum of forty-six certificated instructional staff units per 1,000 full-time equivalent (FTE) students in grade four, and additional certificated instructional staff units to equal the documented staffing level in grade four, up to a maximum of forty-seven and forty-three one-hundredths certificated instructional staff units per 1,000 FTE students:

(iii) Forty-six certificated instructional staff units per thousand full-time equivalent students in grades 5-12;

(iv) Certificated staff allocations in this subsection (2)(a) exceeding the statutory minimums established in RCW 28A.150.260 shall not be considered part of basic education;

(b) For school districts with a minimum enrollment of 250 full-time equivalent students whose full-time equivalent student enrollment count in a given month exceeds the first of the month full-time equivalent enrollment count by 5 percent, an additional state allocation of 110 percent of the share that such increased enrollment would have generated had such additional full-time equivalent students been included in the normal enrollment count for that particular month;

(c)(i) On the basis of full-time equivalent enrollment in:

(A) Vocational education programs approved by the superintendent of public instruction, a maximum of 0.92 certificated instructional staff units and 0.08 certificated administrative staff units for each 19.5 full-time equivalent vocational students; ((and))

(B) Middle school vocational STEM programs approved by the superintendent of public instruction, a maximum of 0.92 certificated instructional staff units and 0.8 certificated administrative staff units for each 19.5 full-time equivalent vocational students; and

(C) Skills center programs meeting the standards for skills center funding established in January 1999 by the superintendent of public instruction with a waiver allowed for skills centers in current operation that are not meeting this standard until the 2010-11 school year, 0.92 certificated instructional staff units and 0.08 certificated

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administrative units for each 16.67 full-time equivalent vocational students;

(ii) Vocational 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 vocational enrollments on the same monthly basis as those adjustments for enrollment for students eligible for basic support; and

(iii) Indirect cost charges by a school district to vocational-secondary programs and vocational middle-school shall not exceed 15 percent of the combined basic education and vocational enhancement allocations of state funds;

(d) 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 state board of education 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;

(e) 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 state board of education:

(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;

(f) 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:

(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.

Units calculated under (f)(ii) of this subsection shall be reduced by certificated staff units at the rate of forty-six certificated instructional staff units and four certificated administrative staff units per thousand vocational full-time equivalent students;

(g) 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; and

(h) 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.

(3) Allocations for classified salaries for the 2009-10 and 2010-11 school years shall be calculated using formula-generated classified staff units determined as follows:

(a) For enrollments generating certificated staff unit allocations under subsection (2)(e) through (h) of this section, one classified staff unit for each 2.94 certificated staff units allocated under such subsections;

(b) For all other enrollment in grades K-12, including vocational full-time equivalent enrollments, one classified staff unit for each 58.75 average annual full-time equivalent students; and

(c) 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.

(4) Fringe benefit allocations shall be calculated at a rate of 14.43 percent in the 2009-10 school year and 14.43 percent in the 2010-11 school year for certificated salary allocations provided under subsection (2) of this section, and a rate of ~~((16.58))~~ 16.59 percent in the 2009-10 school year and ~~((16.58))~~ 16.59 percent in the 2010-11 school year for classified salary allocations provided under subsection (3) of this section.

(5) Insurance benefit allocations shall be calculated at the maintenance rate specified in section 504(2) of this act, based on the number of benefit units determined as follows:

(a) The number of certificated staff units determined in subsection (2) of this section; and

(b) The number of classified staff units determined in subsection (3) 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.

(6)(a) For nonemployee-related costs associated with each certificated staff unit allocated under subsection (2)(a), (b), and (d) through (g) of this section, there shall be provided a maximum of \$10,179 per certificated staff unit in the 2009-10 school year and a maximum of ~~((\\$10,445))~~ \$10,424 per certificated staff unit in the 2010-11 school year.

(b) For nonemployee-related costs associated with each vocational certificated staff unit allocated under subsection (2)(c)(i)(A) of this section, there shall be provided a maximum of \$24,999 per certificated staff unit in the 2009-10 school year and a maximum of ~~((\\$25,449))~~ \$25,399 per certificated staff unit in the 2010-11 school year.

(c) For nonemployee-related costs associated with each vocational certificated staff unit allocated under subsection (2)(c)(i)(B) of this section, there shall be provided a maximum of \$19,395 per certificated staff unit in the 2009-10 school year and a maximum of ~~((\\$19,744))~~ \$19,705 per certificated staff unit in the 2010-11 school year.

(7) Allocations for substitute costs for classroom teachers shall be distributed at a maintenance rate of \$607.44 for the 2009-10 and 2010-11 school years per allocated classroom teachers exclusive of salary increase amounts provided in section 504 of this act. Solely for the purposes of this subsection, allocated classroom teachers shall be equal to the number of certificated instructional staff units allocated under subsection (2) of this section, multiplied by the ratio between the number of actual basic education certificated teachers and the number of actual basic education certificated instructional staff reported statewide for the prior school year.

(8) 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.

(9) Funding in this section is sufficient to provide additional service year credits to educational staff associates pursuant to chapter 403, Laws of 2007.

(10)(a) The superintendent may distribute a maximum of ~~((\\$7,288,000))~~ \$7,286,000 outside the basic education formula during fiscal years 2010 and 2011 as follows:

(i) For fire protection for school districts located in a fire protection district as now or hereafter established pursuant to chapter 52.04 RCW, a maximum of \$567,000 may be expended in fiscal year 2010 and a maximum of ~~((\\$577,000))~~ \$576,000 may be expended in fiscal year 2011;

(ii) For summer vocational programs at skills centers, a maximum of \$2,385,000 may be expended for the 2010 fiscal year and a maximum of \$2,385,000 for the 2011 fiscal year. 20 percent of each fiscal year amount may carry over from one year to the next;

(iii) A maximum of ~~((\\$404,000))~~ \$403,000 may be expended for school district emergencies; and

(iv) A maximum of \$485,000 each fiscal year may be expended 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.

(b) 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.

(11) For purposes of RCW 84.52.0531, the increase per full-time equivalent student is 4.0 percent from the 2008-09 school year to the 2009-10 school year and 4.0 percent from the 2009-10 school year to the 2010-11 school year.

(12) If two or more school districts consolidate and each district was receiving additional basic education formula staff units pursuant to subsection (2)(b) through (g) of this section, the following shall 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 (2)(a) through (h) of this section shall be reduced in increments of twenty percent per year.

(13) General apportionment payments to the Steilacoom historical school district shall reflect changes to operation of the Harriet Taylor elementary school consistent with the timing of reductions in correctional facility capacity and staffing.

**Sec. 503.** 2009 c 564 s 503 (uncodified) is amended to read as follows:

**FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION--BASIC EDUCATION EMPLOYEE COMPENSATION.**

(1) The following calculations determine the salaries used in the general fund allocations for certificated instructional, certificated administrative, and classified staff units under section 502 of this act:

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(a) Salary allocations for certificated instructional staff units shall be determined for each district by multiplying the district's certificated instructional total base salary shown on LEAP Document 2 by the district's average staff mix factor for certificated instructional staff in that school year, computed using LEAP Document 1; and

(b) Salary allocations for certificated administrative staff units and classified staff units for each district shall be based on the district's certificated administrative and classified salary allocation amounts shown on LEAP Document 2.

(2) For the purposes of this section:

(a) "LEAP Document 1" means the staff mix factors for certificated instructional staff according to education and years of experience, as developed by the legislative evaluation and accountability program committee on April 22, 2009, at 08:22 hours; and

(b) "LEAP Document 2" means the school year salary allocations for certificated administrative staff and classified staff and derived and total base salaries for certificated instructional staff as developed by the legislative evaluation and accountability program committee on April 22, 2009, at 08:22 hours.

(3) Incremental fringe benefit factors shall be applied to salary adjustments at a rate of 14.43 percent for school year 2009-10 and 14.43 percent for school year 2010-11 for certificated staff and for classified staff ((~~16.58~~) 16.59 percent for school year 2009-10 and (~~16.58~~) 16.59 percent for the 2010-11 school year.

(4)(a) Pursuant to RCW 28A.150.410, the following state-wide salary allocation schedules for certificated instructional staff are established for basic education salary allocations:

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53,	56,3	53,	57,2	59,8
737	35	773	34	31
55,	58,1	55,	59,0	61,6
434	65	471	42	63
56,	59,6	56,	60,5	63,2
877	79	913	77	66
58,	60,8	58,	61,7	64,5
014	71	051	88	31

	MA	+90	or					
BA	BA	BA	BA+	M	MA	PH		
BA	+15	+30	+45	+90	135	A	+45	D
34,	35,	36,	37,	40,	42,1	41,	44,1	46,1
237	162	120	080	161	45	047	28	15
34,	35,	36,	37,	40,	42,6	41,	44,6	46,5
698	635	606	608	721	95	503	47	89
35,	36,	37,	38,	41,	43,2	41,	45,0	47,0
137	083	064	064	144	248	42	963	67
35,	36,	37,	38,	41,	43,7	42,	45,4	47,5
589	545	536	536	650	749	94	398	94
36,	37,	38,	39,	41,	43,2	40,	44,3	42,
033	031	028	028	180	297	54	855	71
36,	37,	38,	39,	41,	42,	42,	44,9	43,
492	494	501	501	718	823	21	319	25
36,	37,	38,	39,	40,	43,	43,	45,4	43,
963	943	984	984	262	352	62	794	85
35,	36,	37,	38,	39,	41,	41,	46,4	44,
790	786	841	841	187	841	187	324	91
39,	40,	41,	42,	43,	43,7	42,	45,4	47,5
002	052	132	590	768	16	086	66	12
41,	42,	43,	44,	45,	45,4	43,	46,8	48,9
363	497	008	260	84	503	57	81	
43,	45,	48,	51,1	48,	52,2	54,6		
877	498	794	95	995	91	92		
47,	50,	52,8	50,	53,8	56,3			
032	399	49	528	97	45			
48,	52,	54,5	52,	55,5	58,0			
517	048	71	122	45	68			

	MA	+90	OR			
BA	BA	BA	BA+	M	MA	Ph.
53,	56,3	53,	57,2	59,8		
737	35	773	34	31		
55,	58,1	55,	59,0	61,6		
434	65	471	42	63		
56,	59,6	56,	60,5	63,2		
877	79	913	77	66		
58,	60,8	58,	61,7	64,5		
014	71	051	88	31		

34.	35.	36.	37.	40.	42.4	41.	44.3	46.3
506	439	403	400	496	59	274	70	32
34.	35.	36.	37.	41.	43.0	41.	44.8	46.8
943	884	859	933	020	04	731	18	02
35.	36.	37.	38.	41.	43.5	42.	45.2	47.2
393	343	329	437	518	49	164	43	76
35.	36.	37.	38.	42.	44.1	42.	45.7	47.7
834	826	818	964	064	10	618	18	65
36.	37.	38.	39.	42.	44.6	43.	46.1	48.2
290	287	288	498	586	73	080	69	56
36.	37.	38.	40.	43.	45.2	43.	46.6	48.7
759	734	769	039	113	11	552	26	23
37.	38.	39.	40.	44.	46.2	44.	47.5	49.7
582	572	621	960	079	35	438	56	13
38.	39.	40.	42.	45.	47.7	45.	48.9	51.2
787	831	905	355	516	51	832	94	28
41.	42.	43.	46.	49.3	47.	50.4	52.7	
135	262	765	999	10	241	77	88	
	43.	45.	48.	50.9	48.	52.0	54.3	
	635	247	524	13	724	03	90	
	46.	50.	52.5	50.	53.5	56.0		
	772	121	57	249	99	34		
	48.	51.	54.2	51.	55.2	57.7		
	249	761	69	835	38	48		
	53.	56.0	53.	56.9	59.5			
	440	24	476	18	01			
	55.	57.8	55.	58.7	61.3			
	128	44	165	16	22			
	56.	59.3	56.	60.2	62.9			
	563	49	599	42	17			
	57.	60.5	57.	61.4	64.1			
	693	35	731	47	74			

(b) As used in this subsection, the column headings "BA+(N)" refer to the number of credits earned since receiving the baccalaureate degree.

(c) For credits earned after the baccalaureate degree but before the masters degree, any credits in excess of forty-five credits may be counted after the masters degree. Thus, as used in this subsection, the column headings "MA+(N)" refer to the total of:

- (i) Credits earned since receiving the masters degree; and
- (ii) Any credits in excess of forty-five credits that were earned after the baccalaureate degree but before the masters degree.

(5) For the purposes of this section:

- (a) "BA" means a baccalaureate degree.
- (b) "MA" means a masters degree.
- (c) "PHD" means a doctorate degree.

(d) "Years of service" shall be calculated under the same rules adopted by the superintendent of public instruction.

(e) "Credits" means college quarter hour credits and equivalent in-service credits computed in accordance with RCW 28A.415.020 and 28A.415.023.

(6) No more than ninety college quarter-hour credits received by any employee after the baccalaureate degree may be used to determine compensation allocations under the state salary allocation schedule and LEAP documents referenced in this act, or any replacement schedules and documents, unless:

- (a) The employee has a masters degree; or
- (b) The credits were used in generating state salary allocations before January 1, 1992.

(7) The certificated instructional staff base salary specified for each district in LEAP Document 2 and the salary schedules in subsection (4)(a) of this section include one learning improvement day for the 2009-10 school year and zero learning improvement days for the 2010-11 school year. A school district is eligible for the learning improvement day funds only if the learning improvement day has been added to the 180-day contract year. If

fewer days are added, the additional learning improvement allocation shall be adjusted accordingly. The additional day shall be limited to specific activities identified in the state required school improvement plan related to improving student learning that are consistent with education reform implementation, and shall not be considered part of basic education. The principal in each school shall assure that the days are used to provide the necessary school-wide, all staff professional development that is tied directly to the school improvement plan. The school principal and the district superintendent shall maintain documentation as to their approval of these activities. The length of a learning improvement day shall not be less than the length of a full day under the base contract. The superintendent of public instruction shall ensure that school districts adhere to the intent and purposes of this subsection.

(8) The salary allocation schedules established in this section are for allocation purposes only except as provided in RCW 28A.400.200(2).

**Sec. 504.** 2009 c 564 s 504 (uncodified) is amended to read as follows:

FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION--FOR SCHOOL EMPLOYEE COMPENSATION ADJUSTMENTS	
General Fund--State Appropriation (FY 2010).....	(((\$4,215,000)))
	(\$4,414,000)
General Fund--State Appropriation (FY 2011).....	(((\$14,172,000)))
	(\$1,806,000)
General Fund--Federal Appropriation.....	(((\$6,000)))
	(\$1,000)
TOTAL APPROPRIATION.....	(((\$9,963,000)))
	(\$6,221,000)

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

(1)(a) Additional salary adjustments as necessary to fund the base salaries for certificated instructional staff as listed for each district in LEAP Document 2, defined in section 503(2)(b) of this act. Allocations for these salary adjustments shall be provided to all districts that are not grandfathered to receive salary allocations above the statewide salary allocation schedule, and to certain grandfathered districts to the extent necessary to ensure that salary allocations for districts that are currently grandfathered do not fall below the statewide salary allocation schedule.

(b) Additional salary adjustments to certain districts as necessary to fund the per full-time-equivalent salary allocations for certificated administrative staff as listed for each district in LEAP Document 2, defined in section 503(2)(b) of this act. These adjustments shall ensure a minimum salary allocation for certificated administrative staff of \$57,986 in the 2009-10 school year and \$57,986 in the 2010-11 school year.

(c) Additional salary adjustments to certain districts as necessary to fund the per full-time-equivalent salary allocations for classified staff as listed for each district in LEAP Document 2, defined in section 503(2)(b) of this act. These salary adjustments ensure a minimum salary allocation for classified staff of \$31,865 in the 2009-10 school year and \$31,865 in the 2010-11 school year.

(d) The appropriations in this subsection (1) include associated incremental fringe benefit allocations at rates 13.79 percent for the 2009-10 school year and 13.79 percent for the 2010-11 school year for certificated staff and ((43.08)) 13.09 percent for the 2009-10 school year and ((43.08)) 13.09 percent for the 2010-11 school year for classified staff.

(e) The appropriations in this section include the increased or decreased portion of salaries and incremental fringe benefits for all relevant state-funded school programs in part V of this act. Changes for general apportionment (basic education) are based on the salary allocation schedules and methodology in sections 502 and 503 of this act. Changes for special education result from changes

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in each district's basic education allocation per student. Changes for educational service districts and institutional education programs are determined by the superintendent of public instruction using the methodology for general apportionment salaries and benefits in sections 502 and 503 of this act. The appropriations in this section provide incremental fringe benefit alterations based on formula adjustments as follows:

	School Year	
	2009-10	2010-11
Pupil Transportation (per weighted pupil mile)	\$0	\$0
Highly Capable (per formula student)	(\$1.49)	(((\$1.49))) (\$2.98)
Transitional Bilingual Education (per eligible bilingual student)	(\$3.93)	(((\$3.93))) (\$7.86)
Learning Assistance (per formula student)	(\$1.18)	(((\$1.18))) (\$2.36)

(f) The appropriations in this section include no salary adjustments for substitute teachers.

(2) ~~(((\$44,188,000)))~~ \$44,213,000 is provided for adjustments to insurance benefit allocations. The maintenance rate for insurance benefit allocations is \$732.00 per month for the 2009-10 and 2010-11 school years. The appropriations in this section provide for a rate increase to \$745.00 per month for the 2009-10 school year and \$768.00 per month for the 2010-11 school year. The adjustments to health insurance benefits are at the following rates:

	School Year	
	2009-10	2010-11
Pupil Transportation (per weighted pupil mile)	\$0.12	\$0.33
Highly Capable (per formula student)	(((\$0.82))) \$0.79	\$2.22
Transitional Bilingual Education (per eligible bilingual student)	(((\$2.10))) \$2.11	\$5.83
Learning Assistance (per formula student)	\$0.54	\$1.49

(3) The rates specified in this section are subject to revision each year by the legislature.

**Sec. 505.** 2009 c 564 s 505 (uncodified) is amended to read as follows:

FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION--FOR PUPIL TRANSPORTATION
General Fund--State Appropriation (FY 2010).....(((\$307,357,000)) \$317,116,000
General Fund--State Appropriation (FY 2011).....(((\$307,070,000)) \$296,747,000
TOTAL APPROPRIATION.....(((\$614,427,000)) \$613,863,000

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 maximum of \$878,000 of this fiscal year 2010 appropriation and a maximum of ~~(((\$894,000)))~~ \$892,000 of the fiscal year 2011 appropriation may be expended for regional transportation coordinators and related activities. The transportation coordinators shall ensure that data submitted by school districts for state transportation funding shall, to the greatest extent practical, reflect the actual transportation activity of each district.

(3) Allocations for transportation of students shall be based on reimbursement rates of \$48.15 per weighted mile in the 2009-10 school year and ~~(((\$48.40)))~~ \$48.37 per weighted mile in the 2010-11 school year exclusive of salary and benefit adjustments provided in section 504 of this act. Allocations for transportation of students transported more than one radius mile shall be based on weighted miles as determined by superintendent of public instruction multiplied by the per mile reimbursement rates for the school year pursuant to the formulas adopted by the superintendent of public instruction. Allocations for transportation of students living within one radius mile shall be based on the number of enrolled students in grades kindergarten through five living within one radius mile of their assigned school multiplied by the per mile reimbursement rate for the school year multiplied by 1.29.

(4) The office of the superintendent of public instruction shall provide reimbursement funding to a school district only after the superintendent of public instruction determines that the school bus was purchased from the list established pursuant to RCW 28A.160.195(2) or a comparable competitive bid process based on the lowest price quote based on similar bus categories to those used to establish the list pursuant to RCW 28A.160.195.

(5) The superintendent of public instruction shall base depreciation payments for school district buses on the pre-sales tax five-year average of lowest bids in the appropriate category of bus. In the final year on the depreciation schedule, the depreciation payment shall be based on the lowest bid in the appropriate bus category for that school year.

(6) Funding levels in this section reflect reductions from the implementation of Substitute House Bill No. 1292 (authorizing waivers from the one hundred eighty-day school year requirement in order to allow four-day school weeks).

**Sec. 506.** 2009 c 564 s 506 (uncodified) is amended to read as follows:

FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION--FOR SCHOOL FOOD SERVICE PROGRAMS
General Fund--State Appropriation (FY 2010).....\$3,159,000
General Fund--State Appropriation (FY 2011).....\$3,159,000
General Fund--Federal Appropriation.....(((\$281,988,000)) \$391,988,000
TOTAL APPROPRIATION.....(((\$288,306,000)) \$398,306,000

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

(1) \$3,000,000 of the general fund--state appropriation for fiscal year 2010 and \$3,000,000 of the general fund--state appropriation for fiscal year 2011 are provided for state matching money for federal child nutrition programs.

(2) \$100,000 of the general fund--state appropriation for fiscal year 2010 and \$100,000 of the 2011 fiscal year appropriation are provided for summer food programs for children in low-income areas.

(3) \$59,000 of the general fund--state appropriation for fiscal year 2010 and \$59,000 of the general fund--state appropriation for fiscal year 2011 are provided solely to reimburse school districts for school breakfasts served to students enrolled in the free or reduced price meal program pursuant to chapter 287, Laws of 2005 (requiring school breakfast programs in certain schools).

~~((4) \$1,588,000 of the general fund--state appropriation of American recovery and reinvestment act of 2009 (ARRA) funds is provided solely for equipment assistance to school food authorities (SFAs) participating in the national school lunch program (NSLP). Local SFAs may apply to the office of the superintendent of public instruction to receive grants in accordance with provisions of the ARRA. As stipulated in the ARRA, priority will be given to SFAs~~

~~for equipment for schools in which at least 50 percent of the students are eligible for free or reduced priced meals.)~~

**Sec. 507.** 2009 c 564 s 507 (uncodified) is amended to read as follows:

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

General Fund--State Appropriation (FY 2010).....	<del>(((\$640,959,000))</del>
	<u>\$632,136,000</u>
General Fund--State Appropriation (FY 2011).....	<del>(((\$652,388,000))</del>
	<u>\$650,856,000</u>
General Fund--Federal Appropriation.....	<del>(((\$656,052,000))</del>
	<u>\$664,601,000</u>
Education Legacy Trust Account--State Appropriation.....	\$756,000
TOTAL APPROPRIATION.....	<del>(((\$1,950,155,000))</del>
	<u>\$1,948,349,000</u>

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) The superintendent of public instruction shall distribute state funds to school districts based on two categories: (a) The first category includes (i) children birth through age two who are eligible for the optional program for special education eligible developmentally delayed infants and toddlers, and (ii) students eligible for the mandatory special education program and who are age three or four, or five and not yet enrolled in kindergarten; and (b) the second category includes students who are eligible for the mandatory special education program and who are age five and enrolled in kindergarten and students age six through 21.

(5)(a) For the 2009-10 and 2010-11 school years, the superintendent shall make allocations to each district based on the sum of:

(i) A district's annual average headcount enrollment of students ages birth through four and those five year olds not yet enrolled in kindergarten, as defined in subsection (4) of this section, multiplied by the district's average basic education allocation per full-time equivalent student, multiplied by 1.15; and

(ii) A district's annual average full-time equivalent basic education enrollment multiplied by the funded enrollment percent determined pursuant to subsection (6)(b) of this section, multiplied by the district's average basic education allocation per full-time equivalent student multiplied by 0.9309.

(b) For purposes of this subsection, "average basic education allocation per full-time equivalent student" for a district shall be based on the staffing ratios required by RCW 28A.150.260 and shall not include enhancements, secondary vocational education, or small schools ~~in the 2009-10 school year. In the 2010-11 school year, the per student allocation under this subsection (5)(b) shall include the same factors as in the 2009-10 school year, but shall also include the classified staff enhancements included in section 502(3)(b).~~

(6) The definitions in this subsection apply throughout this section.

(a) "Annual average full-time equivalent basic education enrollment" means the resident enrollment including students enrolled through choice (RCW 28A.225.225) and students from nonhigh districts (RCW 28A.225.210) and excluding students residing in another district enrolled as part of an interdistrict cooperative program (RCW 28A.225.250).

(b) "Enrollment percent" means the district's resident special education annual average enrollment, excluding the birth through age four enrollment 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.

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.

(7) 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 subsection (6)(b) of this section, 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.

(8) To the extent necessary, ~~(((\$73,668,000))~~ \$44,269,000 of the general fund--state appropriation and \$29,574,000 of the general fund--federal appropriation are provided for safety net awards for districts with demonstrated needs for special education funding beyond the amounts provided in subsection (5) of this section. If the federal safety net awards based on the federal eligibility threshold exceed the federal appropriation in this subsection (8) in any fiscal year, the superintendent shall expend all available federal discretionary funds necessary to meet this need. Safety net funds shall be awarded by the state safety net oversight committee subject to the following conditions and limitations:

(a) The committee shall consider unmet needs for districts that can convincingly demonstrate that all legitimate expenditures for special education exceed all available revenues from state funding formulas. In the determination of need, the committee shall also consider additional available revenues from federal sources. Differences in program costs attributable to district philosophy, service delivery choice, or accounting practices are not a legitimate basis for safety net awards. In the determination of need, the committee shall require that districts demonstrate that they are maximizing their eligibility for all state and federal revenues related to services for special education-eligible students. Awards associated with (b) and (c) of this subsection shall not exceed the total of a district's specific determination of need.

(b) The committee shall then consider the extraordinary high cost needs of one or more individual special education students. Differences in costs attributable to district philosophy, service delivery choice, or accounting practices are not a legitimate basis for safety net awards.

(c) Using criteria developed by the committee, the committee shall then consider extraordinary costs associated with communities that draw a larger number of families with children in need of special education services. The safety net awards to school districts

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shall be adjusted to reflect amounts awarded under (b) of this subsection.

(d) The maximum allowable indirect cost for calculating safety net eligibility may not exceed the federal restricted indirect cost rate for the district plus one percent.

(e) Safety net awards must be adjusted for any audit findings or exceptions related to special education funding.

(f) Safety net awards shall be adjusted based on the percent of potential medicaid eligible students billed as calculated by the superintendent in accordance with chapter 318, Laws of 1999. The state safety net oversight committee shall ensure that safety net documentation and awards are based on current medicaid revenue amounts.

(g) The office of the superintendent of public instruction, at the conclusion of each school year, shall recover safety net funds that were distributed prospectively but for which districts were not subsequently eligible.

(9) The superintendent of public instruction may adopt such rules and procedures as are necessary to administer the special education funding and safety net award process. Prior to revising any standards, procedures, or rules, the superintendent shall consult with the office of financial management and the fiscal committees of the legislature.

(10) The safety net oversight committee appointed by the superintendent of public instruction shall consist of:

(a) One staff from the office of superintendent of public instruction;

(b) Staff of the office of the state auditor who shall be nonvoting members of the committee; and

(c) One or more representatives from school districts or educational service districts knowledgeable of special education programs and funding.

(11) The office of the superintendent of public instruction shall review and streamline the application process to access safety net funds, provide technical assistance to school districts, and annually survey school districts regarding improvement to the process.

(12) 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.

(13) 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.

(14) 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.

(15) \$262,000 of the general fund--state appropriation for fiscal year 2010 and \$251,000 of the general fund--state appropriation for fiscal year 2011 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.

(16) (((\$221,357,000 of the general fund--federal appropriation of American recovery and reinvestment act of 2009 funds is provided solely for the individuals with disabilities education act (IDEA), Part B, for distribution to school districts. The funds' use is to be consistent with the current IDEA, Part B statutory and regulatory requirements.

—(17)) \$50,000 of the general fund--state appropriation for fiscal

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year 2010, \$50,000 of the general fund--state appropriation for fiscal 2011, 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. 508.** 2009 c 564 s 508 (uncodified) is amended to read as follows:

### FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION--FOR EDUCATIONAL SERVICE DISTRICTS

General Fund--State Appropriation (FY 2010).....	\$8,394,000
General Fund--State Appropriation (FY 2011).....	<u>(((\$8,395,000)))</u>
	\$8,319,000
<b>TOTAL APPROPRIATION</b> .....	<u>(((\$16,789,000)))</u>
	\$16,713,000

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

(1) The educational service districts shall continue to furnish financial services required by the superintendent of public instruction and RCW 28A.310.190 (3) and (4).

(2) \$3,355,000 of the general fund--state appropriation for fiscal year 2010 and \$3,355,000 of the general fund--state appropriation for fiscal year 2011 are provided solely for regional professional development related to mathematics and science curriculum and instructional strategies. Funding shall be distributed among the educational service districts in the same proportion as distributions in the 2007-2009 biennium. 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. The office of superintendent of public instruction shall also allocate to each educational service district additional amounts provided in section 504 of this act for compensation increases associated with the salary amounts and staffing provided in this subsection (2).

(3) The educational service districts, at the request of the state board of education pursuant to RCW 28A.310.010 and 28A.310.340, may receive and screen applications for school accreditation, conduct school accreditation site visits pursuant to state board of education rules, and submit to the state board of education post-site visit recommendations for school accreditation. The educational service districts may assess a cooperative service fee to recover actual plus reasonable indirect costs for the purposes of this subsection.

**Sec. 509.** 2009 c 564 s 509 (uncodified) is amended to read as follows:

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

General Fund--State Appropriation (FY 2010).....	<u>(((\$42,921,000)))</u>
	\$93,141,000
General Fund--State Appropriation (FY 2011).....	<u>(((\$209,997,000)))</u>
	\$286,911,000
General Fund--Federal Appropriation.....	<u>(((\$176,284,000)))</u>
	\$157,043,000
<b>TOTAL APPROPRIATION</b> .....	<u>(((\$429,202,000)))</u>
	\$537,095,000

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

(((\$176,284,000))) (1) \$157,043,000 of the general fund--federal appropriation for fiscal year 2010 is provided solely for American recovery and reinvestment act of 2009 (ARRA) fiscal stabilization funds to restore state reductions for local effort assistance payments.

(2) \$21,808,000 of the general fund--state appropriation for fiscal year 2011 is provided solely for implementation of Substitute House

Bill No. 2893 (school levies). If the bill is not enacted by June 30, 2010, the amount provided in this subsection shall lapse.

**Sec. 510.** 2009 c 564 s 510 (uncodified) is amended to read as follows:

**FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION--FOR INSTITUTIONAL EDUCATION PROGRAMS**

General Fund--State Appropriation (FY 2010).....	(( <u>\$18,943,000</u> ))
	<u>\$18,059,000</u>
General Fund--State Appropriation (FY 2011).....	(( <u>\$17,992,000</u> ))
	<u>\$19,006,000</u>

TOTAL APPROPRIATION.....((\$36,935,000))

\$37,065,000

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

(1) Each general fund--state 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) State funding provided under this section is based on salaries and other expenditures for a 220-day school year. The superintendent of public instruction shall monitor school district expenditure plans for institutional education programs to ensure that districts plan for a full-time summer program.

(3) State funding for each institutional education program shall be based on the institution's annual average full-time equivalent student enrollment. Staffing ratios for each category of institution shall remain the same as those funded in the 1995-97 biennium.

(4) The funded staffing ratios for education programs for juveniles age 18 or less in department of corrections facilities shall be the same as those provided in the 1997-99 biennium.

(5) ((\$329,000)) \$228,000 of the general fund--state appropriation for fiscal year 2010 and ((\$329,000)) \$228,000 of the general fund--state appropriation for fiscal year 2011 are provided solely to maintain at least one certificated instructional staff and related support services at an institution whenever the K-12 enrollment is not sufficient to support one full-time equivalent certificated instructional staff to furnish the educational program. The following types of institutions are included: Residential programs under the department of social and health services for developmentally disabled juveniles, programs for juveniles under the department of corrections, and programs for juveniles under the juvenile rehabilitation administration.

(6) Ten percent of the funds allocated for each institution may be carried over from one year to the next.

**Sec. 511.** 2009 c 564 s 511 (uncodified) is amended to read as follows:

**FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION--FOR PROGRAMS FOR HIGHLY CAPABLE STUDENTS**

General Fund--State Appropriation (FY 2010).....	(( <u>\$9,430,000</u> ))
	<u>\$9,189,000</u>
General Fund--State Appropriation (FY 2011).....	(( <u>\$9,437,000</u> ))
	<u>\$9,188,000</u>

TOTAL APPROPRIATION.....((\$18,867,000))

\$18,377,000

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) Allocations for school district programs for highly capable students shall be distributed at a maximum rate of \$401.08 per funded student for the 2009-10 school year and \$401.08 per funded student for the 2010-11 school year, exclusive of salary and benefit adjustments pursuant to section 504 of this act. The number of

funded students shall be a maximum of 2.314 percent of each district's full-time equivalent basic education enrollment.

(3) \$90,000 of the fiscal year 2010 appropriation and \$90,000 of the fiscal year 2011 appropriation are provided for the Washington destination imagination network and future problem-solving programs.

(4) \$170,000 of the fiscal year 2010 appropriation and \$170,000 of the fiscal year 2011 appropriation are provided for the centrum program at Fort Worden state park.

**Sec. 512.** 2009 c 564 s 512 (uncodified) is amended to read as follows:

**FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION--FOR MISCELLANEOUS PURPOSES UNDER THE ELEMENTARY AND SECONDARY SCHOOL IMPROVEMENT ACT AND THE NO CHILD LEFT BEHIND ACT**

General Fund--Federal Appropriation.....	(( <u>\$43,450,000</u> ))
	<u>\$43,886,000</u>

**Sec. 513.** 2010 c 3 s 501 (uncodified) is amended to read as follows:

**FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION--EDUCATION REFORM PROGRAMS**

General Fund--State Appropriation (FY 2010).....	(( <u>\$93,681,000</u> ))
	<u>\$93,642,000</u>

General Fund--State Appropriation (FY 2011).....	(( <u>\$102,512,000</u> ))
	<u>\$99,313,000</u>

General Fund--Federal Appropriation.....	.152,626,000
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Education Legacy Trust Account--State Appropriation.....	(( <u>\$95,112,000</u> ))
	<u>\$102,881,000</u>

TOTAL APPROPRIATION.....	(( <u>\$443,931,000</u> ))
	<u>\$448,462,000</u>

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

(1) ((\$36,806,000)) \$35,804,000 of the general fund--state appropriation for fiscal year 2010, \$34,516,000 of the general fund--state appropriation for fiscal year 2011, \$1,350,000 of the education legacy trust account--state appropriation, and \$15,868,000 of the general fund--federal appropriation are provided solely for development and implementation of the Washington ((assessments of student learning (WASL))) state assessment system, including: (i) Development and implementation of retake assessments for high school students who are not successful in one or more content areas ((of the WASL)); and (ii) development and implementation of alternative assessments or appeals procedures to implement the certificate of academic achievement. The superintendent of public instruction shall report quarterly on the progress on development and implementation of alternative assessments or appeals procedures. Within these amounts, the superintendent of public instruction shall contract for the early return of 10th grade student ((WASL)) assessment results, on or around June 10th of each year.

(2) \$3,249,000 of the general fund--state appropriation for fiscal year 2010 and \$3,249,000 of the general fund--state appropriation for fiscal year 2011 are provided solely for the design of the state assessment system and the implementation of end of course assessments for high school math.

(3) Within amounts provided in subsections (1) and (2) of this section, the superintendent of public instruction, in consultation with the state board of education, shall develop a statewide high school end-of-course assessment measuring student achievement of the state science standards in biology to be implemented statewide in the 2011-12 school year. By December 1, 2010, the superintendent of public instruction shall recommend whether additional end-of-course assessments in science should be developed and in which content areas. Any recommendation for additional

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assessments must include an implementation timeline and the projected cost to develop and administer the assessments.

(4) \$1,014,000 of the education legacy trust account appropriation is provided solely for allocations to districts for salaries and benefits for the equivalent of two additional professional development days for fourth and fifth grade teachers during the 2008-2009 school year. The allocations shall be made based on the calculations of certificated instructional staff units for fourth and fifth grade provided in section 502 of this act and on the calculations of compensation provided in sections 503 and 504 of this act. Districts may use the funding to support additional days for professional development as well as job-embedded forms of professional development.

((4)) (5) \$3,241,000 of the education legacy trust fund appropriation is provided solely for allocations to districts for salaries and benefits for the equivalent of three additional professional development days for middle and high school math and science teachers during the 2008-2009 school year, as well as specialized training for one math and science teacher in each middle school and high school during the 2008-2009 school year. Districts may use the funding to support additional days for professional development as well as job-embedded forms of professional development.

((5)) \$3,850,000) (6) \$3,773,000 of the education legacy trust account--state appropriation is provided solely for a math and science instructional coaches program pursuant to chapter 396, Laws of 2007. Funding shall be used to provide grants to schools and districts to provide salaries, benefits, and professional development activities for up to twenty-five instructional coaches in middle and high school math and twenty-five instructional coaches in middle and high school science in each year of the biennium; and up to \$300,000 may be used by the office of the superintendent of public instruction to administer and coordinate the program.

((6)) \$1,781,000) (7) \$1,740,000 of the general fund--state appropriation for fiscal year 2010 and (\$1,943,000) \$1,775,000 of the general fund--state appropriation for fiscal year 2011 are provided solely to allow approved middle and junior high school career and technical education programs to receive enhanced vocational funding. The office of the superintendent of public instruction shall provide allocations to districts for middle and junior high school students in accordance with the funding formulas provided in section 502 of this act. If Second Substitute Senate Bill No. 5676 is enacted the allocations are formula-driven, otherwise the office of the superintendent shall consider the funding provided in this subsection as a fixed amount, and shall adjust funding to stay within the amounts provided in this subsection.

((7)) (8) \$139,000 of the general fund--state appropriation for fiscal year 2010 and \$139,000 of the general fund--state appropriation for fiscal year 2011 are provided solely for (a) staff at the office of the superintendent of public instruction to coordinate and promote efforts to develop integrated math, science, technology, and engineering programs in schools and districts across the state; and (b) grants of \$2,500 to provide twenty middle and high school teachers each year professional development training for implementing integrated math, science, technology, and engineering program in their schools.

((8)) \$1,579,000) (9) \$1,473,000 of the general fund--state appropriation for fiscal year 2010 and (\$1,579,000) \$395,000 of the general fund--state appropriation for fiscal year 2011 are provided solely for the Washington state leadership and assistance for science education reform (LASER) regional partnership activities coordinated at the Pacific science center, including instructional material purchases, teacher and principal professional development, and school and community engagement events. Funding shall be distributed to the various LASER activities in a

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manner proportional to LASER program spending during the 2007-2009 biennium.

((9)) \$81,010,000) (10) \$88,981,000 of the education legacy trust account--state appropriation is provided solely for grants for voluntary full-day kindergarten at the highest poverty schools, as provided in chapter 400, Laws of 2007. The office of the superintendent of public instruction shall provide allocations to districts for recipient schools in accordance with the funding formulas provided in section 502 of this act. Each kindergarten student who enrolls for the voluntary full-day program in a recipient school shall count as one-half of one full-time equivalent student for the purpose of making allocations under this subsection. Although the allocations are formula-driven, the office of the superintendent shall consider the funding provided in this subsection as a fixed amount, and shall limit the number of recipient schools so as to stay within the amounts appropriated each fiscal year in this subsection. The funding provided in this subsection is estimated to provide full-day kindergarten programs for 20 percent of kindergarten enrollment. Funding priority shall be given to schools with the highest poverty levels, as measured by prior year free and reduced priced lunch eligibility rates in each school. Additionally, as a condition of funding, school districts must agree to provide the full-day program to the children of parents who request it in each eligible school. For the purposes of calculating a school district levy base, funding provided in this subsection shall be considered a state block grant program under RCW 84.52.0531.

(a) Of the amounts provided in this subsection, a maximum of \$272,000 may be used for administrative support of the full-day kindergarten program within the office of the superintendent of public instruction.

(b) Student enrollment pursuant to this program shall not be included in the determination of a school district's overall K-12 FTE for the allocation of student achievement programs and other funding formulas unless specifically stated.

((10)) (11) \$700,000 of the general fund--state appropriation for fiscal year 2010 and \$900,000 of the general fund--state appropriation for fiscal year 2011 are provided solely for the development of a leadership academy for school principals and administrators. The superintendent of public instruction shall contract with an independent organization to design, field test, and implement a state-of-the-art education leadership academy that will be accessible throughout the state. Initial development of the content of the academy activities shall be supported by private funds. Semiannually the independent organization shall report on amounts committed by foundations and others to support the development and implementation of this program. Leadership academy partners, with varying roles, shall include the state level organizations for school administrators and principals, the superintendent of public instruction, the professional educator standards board, and others as the independent organization shall identify.

((11)) (12) \$105,754,000 of the general fund--federal appropriation is provided for preparing, training, and recruiting high quality teachers and principals under Title II of the no child left behind act.

((12)) \$1,546,000) (13) \$1,960,000 of the general fund--state appropriation for fiscal year 2010 and (\$3,046,000) \$1,523,000 of the general fund--state appropriation for fiscal year 2011 are provided solely to the office of the superintendent of public instruction for focused assistance. The office of the superintendent of public instruction shall conduct educational audits of low-performing schools and enter into performance agreements between school districts and the office to implement the recommendations of the audit and the community. Funding in this subsection ((may)) shall be used for focused assistance programs for

individual schools ((as well as)) or school districts. The office of the superintendent of public instruction shall report to the fiscal committees of the legislature by September 1, 2011, providing an accounting of the uses of focused assistance funds during the 2009-11 fiscal biennium, including a list of schools served and the types of services provided.

((13) \$30,702,000 of the general fund--state appropriation is provided for the reading first program under Title I of the no child left behind act.))

(14) \$1,667,000 of the general fund--state appropriation for fiscal year 2010 and \$1,667,000 of the general fund--state appropriation for fiscal year 2011 are provided solely to eliminate the lunch co-pay for students in grades kindergarten through third grade that are eligible for reduced price lunch.

(15) \$5,285,000 of the general fund--state appropriation for fiscal year 2010 and \$5,285,000 of the general fund--state appropriation for fiscal year 2011 are provided solely for: (a) The meals for kids program under RCW 28A.235.145 through 28A.235.155; (b) to eliminate the breakfast co-pay for students eligible for reduced price lunch; and (c) for additional assistance for school districts initiating a summer food service program.

(16) ((\$1,056,000)) \$1,003,000 of the general fund--state appropriation for fiscal year 2010 and \$1,056,000 of the general fund--state appropriation for fiscal year 2011 are provided solely for the Washington reading corps. The superintendent shall allocate reading corps members to low-performing schools and school districts that are implementing comprehensive, proven, research-based reading programs. Two or more schools may combine their Washington reading corps programs. Grants provided under this section may be used by school districts for expenditures from September 2009 through August 31, 2011.

(17) ((\$3,594,000)) \$3,269,000 of the general fund--state appropriation for fiscal year 2010 and \$3,594,000 of the general fund--state appropriation for fiscal year 2011 are provided solely for grants to school districts to provide a continuum of care for children and families to help children become ready to learn. Grant proposals from school districts shall contain local plans designed collaboratively with community service providers. If a continuum of care program exists in the area in which the school district is located, the local plan shall provide for coordination with existing programs to the greatest extent possible. Grant funds shall be allocated pursuant to RCW 70.190.040.

(18) ((\$1,959,000)) \$1,861,000 of the general fund--state appropriation for fiscal year 2010 and \$1,959,000 of the general fund--state appropriation for fiscal year 2011 are provided solely for improving technology infrastructure, monitoring and reporting on school district technology development, promoting standards for school district technology, promoting statewide coordination and planning for technology development, and providing regional educational technology support centers, including state support activities, under chapter 28A.650 RCW.

(19) \$225,000 of the general fund--state appropriation for fiscal year 2010 and \$225,000 of the general fund--state appropriation for fiscal year 2011 are provided solely for the operation of the center for the improvement of student learning pursuant to RCW 28A.300.130.

(20) ((\$250,000)) \$246,000 of the education legacy trust account--state appropriation is provided solely for costs associated with the office of the superintendent of public instruction's statewide director of technology position.

(21)(a) ((\$28,270,000)) \$28,715,000 of the general fund--state appropriation for fiscal year 2010 and ((\$36,513,000)) \$36,168,000 of the general fund--state appropriation for fiscal year 2011 are provided solely for the following bonuses for teachers who hold valid, unexpired certification from the national board for professional teaching standards and who are teaching in a

Washington public school, subject to the following conditions and limitations:

(i) For national board certified teachers, a bonus of \$5,000 per teacher beginning in the 2007-08 school year and adjusted for inflation in each school year thereafter in which Initiative 732 cost of living adjustments are provided(( National board certified teachers who become public school principals shall continue to receive this bonus for as long as they are principals and maintain the national board certification));

(ii) An additional \$5,000 annual bonus shall be paid to national board certified teachers who teach in either: (A) High schools where at least 50 percent of student headcount enrollment is eligible for federal free or reduced price lunch, (B) middle schools where at least 60 percent of student headcount enrollment is eligible for federal free or reduced price lunch, or (C) elementary schools where at least 70 percent of student headcount enrollment is eligible for federal free or reduced price lunch;

(iii) The superintendent of public instruction shall adopt rules to ensure that national board certified teachers meet the qualifications for bonuses under (a)(i) of this subsection for less than one full school year receive bonuses in a pro-rated manner; and

(iv) During the 2009-10 and 2010-11 school years, and within the available state and federal appropriations, certificated instructional staff who have met the eligibility requirements and have applied for certification from the national board for professional teaching standards may receive a conditional two thousand dollars or the amount set by the office of the superintendent of public instruction to contribute toward the current assessment fee, not including the initial up-front candidacy payment. The fee shall be an advance on the first annual bonus under RCW 28A.405.415. The assessment fee for national certification is provided in addition to compensation received under a district's salary schedule adopted in accordance with RCW 28A.405.200 and shall not be included in calculations of a district's average salary and associated salary limitation under RCW 28A.400.200. Recipients who fail to receive certification after three years are required to repay the assessment fee, not including the initial up-front candidacy payment, as set by the national board for professional teaching standards and administered by the office of the superintendent of public instruction. The office of the superintendent of public instruction shall adopt rules to define the terms for initial grant of the assessment fee and repayment, including applicable fees.

(b) Included in the amounts provided in this subsection are amounts for mandatory fringe benefits.

(22) ((\$2,750,000)) \$2,475,000 of the general fund--state appropriation for fiscal year 2010 and ((\$2,750,000)) \$912,000 of the general fund--state appropriation for fiscal year 2011 are provided solely for secondary career and technical education grants pursuant to chapter 170, Laws of 2008. This funding may additionally be used to support FIRST Robotics programs. In fiscal year 2011, if equally matched by private donations, \$300,000 of the appropriation shall be used to support FIRST Robotics programs, including FIRST Robotics professional development.

(23) \$150,000 of the general fund--state appropriation for fiscal year 2011 is provided solely for the implementation of House Bill No. 2621 (K-12 school resource programs). If the bill is not enacted by June 30, 2010, the amount provided in this subsection shall lapse.

(24) \$300,000 of the general fund--state appropriation for fiscal year 2010 ((and \$300,000 of the general fund--state appropriation for fiscal year 2011 are)) is provided solely for the local farms-healthy kids program as described in chapter 215, Laws of 2008. The program is suspended in the 2011 fiscal year, and not eliminated.

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((24)) (25) \$2,348,000 of the general fund--state appropriation for fiscal year 2010 and ((~~\$2,348,000~~) \$2,000,000) of the general fund--state appropriation for fiscal year 2011 are ((appropriated)) provided solely for a beginning educator support program. School districts and/or regional consortia may apply for grant funding beginning in the 2009-10 school year. The superintendent shall implement this program in 5 to 15 school districts and/or regional consortia. The program provided by a district and/or regional consortia shall include: A paid orientation; assignment of a qualified mentor; development of a professional growth plan for each beginning teacher aligned with professional certification; release time for mentors and new teachers to work together, and teacher observation time with accomplished peers. \$250,000 may be used to provide state-wide professional development opportunities for mentors and beginning educators. The superintendent of public instruction shall adopt rules to establish and operate a research-based beginning educator support program no later than August 31, 2009. OSPI must evaluate the program's progress and may contract for this work. A report to the legislature about the beginning educator support program is due November 1, 2010.

((25) \$4,400,000)) (26) \$4,290,000 of the education legacy trust account--state appropriation is provided solely for the development and implementation of diagnostic assessments, consistent with the recommendations of the Washington assessment of student learning work group.

((26) \$70,000 of the general fund—state appropriation for fiscal year 2010 is provided solely)) (27) Funding within this section is provided for implementation of Engrossed Substitute Senate Bill No. 5414 (statewide assessments and curricula).

((27)) (28) \$530,000 of the general fund--state appropriation for fiscal year 2010 and \$530,000 of the general fund--state appropriation for fiscal year 2011 are provided solely for the leadership internship program for superintendents, principals, and program administrators.

(29) Funding for the community learning center program, established in RCW 28A.215.060, and providing grant funding for the 21st century after-school program, is suspended and not eliminated.

(30) \$2,357,000 of the general fund--state appropriation for fiscal year 2011 is provided solely for implementation of Engrossed Second Substitute Senate Bill No. 6696 (education reform). Of the amount provided, \$142,000 is provided to the professional educators' standards board and \$120,000 is provided to the system of the educational service districts, to fulfill their respective duties under the bill.

**Sec. 514.** 2009 c 564 s 514 (uncodified) is amended to read as follows:

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

General Fund--Federal Appropriation.....((\$45,263,000))

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.

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(2) The superintendent shall distribute a maximum of \$901.46 per eligible bilingual student in the 2009-10 school year and \$901.46 in the 2010-11 school year, exclusive of salary and benefit adjustments provided in section 504 of this act.

(3) The superintendent may withhold up to 1.5 percent of the school year allocations to school districts in subsection (2) of this section, and adjust the per eligible pupil rates in subsection (2) of this section accordingly, solely for the central provision of assessments as provided in RCW 28A.180.090 (1) and (2).

(4) \$70,000 of the amounts appropriated in this section are provided solely to track current and former transitional bilingual program students.

(5) The general fund--federal appropriation in this section is provided 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.

**Sec. 515.** 2009 c 564 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 2010).....	<u>(\$101,067,000)</u>
	<u>\$103,865,000</u>
General Fund--State Appropriation (FY 2011).....	<u>((\$102,237,000))</u>
	<u>\$110,312,000</u>
General Fund--Federal Appropriation.....	<u>(((\$543,925,000)))</u>
	<u>\$553,925,000</u>
Education Legacy Trust Account--State Appropriation.....	\$47,980,000
TOTAL APPROPRIATION.....	<u>(((\$795,209,000)))</u>
	<u>\$816,082,000</u>

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) Funding for school district learning assistance programs shall be allocated at maximum rates of \$281.71 per funded student for the 2009-10 school year and ((~~\$282.63~~) \$283.00) per funded student for the 2010-11 school year exclusive of salary and benefit adjustments provided under section 504 of this act.

(c) A school district's funded students for the learning assistance program shall be the sum of the following as appropriate:

(i) 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; and

(ii) If, in the prior school year, the district's percentage of October headcount enrollment in grades K-12 eligible for free or reduced price lunch exceeded forty percent, subtract forty percent from the district's percentage and multiply the result by the district's K-12 annual average full-time equivalent enrollment for the prior school year.

(d) In addition to the amounts allocated in (b) and (c) of this subsection, an additional amount shall be allocated to school districts with high concentrations of poverty and English language learner students, subject to the following rules and conditions:

(i) To qualify for additional funding under this subsection, a district's October headcount enrollment in grades kindergarten through grade twelve must have at least twenty percent enrolled in the transitional bilingual instruction program based on an average of the program headcount taken in October and May of the prior school year; and must also have at least forty percent eligible for free or

reduced price lunch based on October headcount enrollment in grades kindergarten through twelve in the prior school year.

(ii) Districts meeting the specifications in (d)(i) of this subsection shall receive additional funded students for the learning assistance program at the rates specified in subsection (1)(b) of this section. The number of additional funded student units shall be calculated by subtracting twenty percent from the district's percent transitional bilingual instruction program enrollment as defined in (d)(i) of this subsection, and the resulting percent shall be multiplied by the district's kindergarten through twelve annual average full-time equivalent enrollment for 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.

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

((4)) (5) School districts are encouraged to coordinate the use of these funds with other federal, state, and local sources to serve students who are below grade level and to make efficient use of resources in meeting the needs of students with the greatest academic deficits.

((5)) (6) Within amounts appropriated in this section, funding is provided for the implementation of extended learning programs required in chapter 328, Laws of 2008.

((6)) \$51,970,000 of the general fund--federal appropriation for fiscal year 2010 and \$77,955,000 of the general fund--federal appropriation for fiscal year 2011 of American recovery and reinvestment act of 2009 (ARRA) Title I, Part A funds are in addition to regular Title I, Part A allocations solely for allocation to eligible school districts in accordance with the guidelines of ARRA.

(7) \$48,981,000 of the general fund--federal appropriation from the American recovery and reinvestment act of 2009 (ARRA) is for school improvement. This consists of 4 percent, or \$5,413,000 of the Title I, Part A recovery funds which must be set aside for school improvement as well as \$43,568,000 in additional school improvement funds.)

**Sec. 516.** 2009 c 564 s 516 (uncodified) is amended to read as follows:

**FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION--FOR STUDENT ACHIEVEMENT PROGRAMS**

General Fund--State Appropriation (FY 2010).....	\$19,000
General Fund--State Appropriation (FY 2011).....	<u>(((\$104,101,000)))</u>
	\$25,730,000
General Fund--Federal Appropriation.....	\$200,295,000

TOTAL APPROPRIATION.....(((\$304,396,000)))

\$226,044,000

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

(1) Funding for school district student achievement programs shall be allocated at a maximum rate of \$131.16 per FTE student for the 2009-10 school year and (((\$99.32))) \$0 per FTE student for the 2010-11 school year. For the purposes of this section, FTE student refers to the annual average full-time equivalent enrollment of the school district in grades kindergarten through twelve for the prior school year, as reported to the office of the superintendent of public instruction by August 31st of the previous school year.

(2) The appropriation is allocated for the following uses as specified in RCW 28A.505.210:

(a) To reduce class size by hiring certificated elementary classroom teachers in grades K-4 and paying nonemployee-related costs associated with those new teachers;

(b) To make selected reductions in class size in grades 5-12, such as small high school writing classes;

(c) To provide extended learning opportunities to improve student academic achievement in grades K-12, including, but not limited to, extended school year, extended school day, before-and-after-school programs, special tutoring programs, weekend school programs, summer school, and all-day kindergarten;

(d) To provide additional professional development for educators including additional paid time for curriculum and lesson redesign and alignment, training to ensure that instruction is aligned with state standards and student needs, reimbursement for higher education costs related to enhancing teaching skills and knowledge, and mentoring programs to match teachers with skilled, master teachers. The funding shall not be used for salary increases or additional compensation for existing teaching duties, but may be used for extended year and extended day teaching contracts;

(e) To provide early assistance for children who need prekindergarten support in order to be successful in school; or

(f) To provide improvements or additions to school building facilities which are directly related to the class size reductions and extended learning opportunities under (a) through (c) of this subsection (2).

(3) The superintendent of public instruction shall distribute the school year allocation according to the monthly apportionment schedule defined in RCW 28A.510.250.

(4) \$200,295,000 of the general fund--federal appropriation for fiscal year 2010 is provided solely for American recovery and reinvestment act of 2009 (ARRA) fiscal stabilization funds to restore state reductions for the student achievement program.

**Sec. 517.** 2009 c 564 s 518 (uncodified) is amended to read as follows:

**FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION.** (1) Appropriations made in this act to the office of the superintendent of public instruction shall initially be allotted as required by this act. Subsequent allotment modifications shall not include transfers of moneys between sections of this act, except as expressly provided in subsection (2) of this section.

(2) The appropriations to the office of the superintendent of public instruction in this act shall be expended for the programs and amounts specified in this act. However, after May 1, 2010, unless specifically prohibited by this act and after approval by the director of financial management, the superintendent of public instruction may transfer state general fund appropriations for fiscal year 2010 among the following programs to meet the apportionment schedule for a specified formula in another of these programs: General apportionment; employee compensation adjustments; pupil transportation; special education programs; institutional education programs; transitional bilingual programs; and student achievement and learning assistance programs.

(3) The director of financial management shall notify the appropriate legislative fiscal committees in writing prior to approving any allotment modifications or transfers under this section.

(End of part)

**PART VI  
HIGHER EDUCATION**

**Sec. 601.** 2009 c 564 s 601 (uncodified) is amended to read as follows:

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The appropriations in sections 605 through 611 of this act are subject to the following conditions and limitations:

(1) "Institutions" means the institutions of higher education receiving appropriations under sections 605 through 611 of this act.

(2) The legislature, the office of financial management, and other state agencies need consistent and accurate personnel data from institutions of higher education for policy planning purposes. Institutions of higher education shall report personnel data to the department of personnel for inclusion in the department's data warehouse. Uniform reporting procedures shall be established by the department of personnel for use by the reporting institutions, including provisions for common job classifications and common definitions of full-time equivalent staff. Annual contract amounts, number of contract months, and funding sources shall be consistently reported for employees under contract.

(3) In addition to waivers granted under the authority of RCW 28B.15.910, the governing boards and the state board may waive all or a portion of operating fees for any student. State general fund appropriations shall not be provided to replace tuition and fee revenue foregone as a result of waivers granted under this subsection.

(4) The colleges of education for institutions with appropriations in sections 606 through 611 shall develop a plan, by October 30, 2009, to increase the number of math and science teacher endorsements and certificates granted by the institution. The plan shall address the college's math and science teacher endorsement and certification completion goal for each of the next six years, beginning with the 2010-2011 academic year, and shall be reported to the governor, the relevant policy committees of the legislature, the higher education coordinating board (HECB) and the professional educator standards board (PESB). Plan components may address: Student advising practices, increased outreach and recruitment efforts to under-represented populations, linkages with university mathematics and science departments, and implementation of redesigned, innovative endorsement and certification programs. To accomplish this work, enrollments may need to be shifted from low-need endorsement and certificate areas to math and science. A report shall be made each October 30th to the HECB and PESB regarding the degree to which plan goals have been met and activities undertaken to support those outcomes.

(5) In accordance with RCW 28B.10.920 through 28B.10.922, the state performance agreement committee and each public four-year institution of higher education shall develop performance agreements for the period September 1, 2009, through June 30, 2015. The agreements shall reflect the level of state, tuition, and other resources appropriated or authorized for each institution in this act and in the omnibus 2009-11 omnibus capital budget act, as well as reasonably anticipated changes in such resources for the two subsequent biennia as required to accomplish the higher education master plan as adopted by the legislature. The agreements shall build upon each institution's actual performance relative to the 2011 targets previously negotiated between the institution, the higher education coordinating board, and the office of financial management, and shall include measurable performance targets, benchmarks, and goals in areas including but not limited to:

(a) Student enrollment levels, by campus;

(b) Baccalaureate and advanced degree production;

(c) Baccalaureate and advanced degree production in high employer-demand fields;

(d) Undergraduate retention and graduation rates;

(e) Time-to-degree for students entering as freshmen, and as upper-division transfers;

(f) Efficiency to degree; and

(g) Capital investment as required to (i) maintain existing capacity, and (ii) meet enrollment targets in accordance with the master plan as adopted by the legislature.

Each institution shall report progress toward its performance targets during the preceding academic year to the state performance agreement committee prior to November 1, 2010. The higher education coordinating board shall consolidate and summarize the institutional reports, and provide them to the relevant policy and fiscal committees of the legislature by December 1, 2010.

(6) To facilitate transparency and compliance with the American recovery and reinvestment act, the institutions of higher education receiving state and federal appropriations under sections 605 through 611 of this act shall allot anticipated state, federal, and tuition expenditures by budget program and fiscal year. The office of financial management shall notify the legislative ways and means committees of the proposed allotments at least ten days prior to their approval.

(7) To the extent permitted by the applicable personnel system rules, and to the extent collectively bargained with represented employees, institutions of higher education are encouraged to achieve the reductions in full-time-equivalent employment and payroll levels necessary to operate within this budget through strategies that will minimize impacts on employees, their families, their communities, and short- and longer-term accomplishment of institutional mission. Institutions are encouraged to utilize strategies such as reduced work-hours per day or week, voluntary leave without pay, and temporary furloughs that enable employees to maintain permanent employment status. Institutions are further encouraged to implement such strategies in ways that will enable employees to maintain full insurance benefits, full retirement service credit, and a living wage.

(8)(a) For institutions receiving appropriations in section 605 of this act the only allowable salary increases provided are those with normally occurring promotions and increases related to faculty and staff retention, to the extent permitted by Engrossed Substitute Senate Bill No. 5460, ((and)) House Bill No. 2328, and Substitute Senate Bill No. 6382. In fiscal year 2010 and fiscal year 2011, the state board for community and technical colleges may use salary and benefit savings from faculty turnover to provide salary increments and associated benefits for faculty who qualify through professional development and training.

(b) For employees under the jurisdiction of chapter 41.56 RCW, salary increases will be in accordance with the applicable collective bargaining agreement. However, an increase shall not be provided to any classified employee whose salary is above the approved salary range maximum for the class to which the employee's position is allocated.

(c) For each institution of higher education receiving appropriations under sections 606 through 611 of this act:

(i) The only allowable salary increases are those associated with normally occurring promotions and increases related to faculty and staff retention, to the extent permitted by Engrossed Substitute Senate Bill No. 5460 ((and)), House Bill No. 2328, and Substitute Senate Bill No. 6382; and

(ii) Institutions may provide salary increases from other sources to instructional and research faculty, exempt professional staff, teaching and research assistants, as classified by the office of financial management, and all other nonclassified staff, but not including employees under RCW 28B.16.015, to the extent permitted by Engrossed Substitute Senate Bill No. 5460 ((and)), House Bill No. 2328, and Substitute Senate Bill No. 6382. Any salary increase granted under the authority of this subsection (8)(c)(ii) shall not be included in an institution's salary base for future state funding. It is the intent of the legislature that state general fund support for an institution shall not increase during the

current or any future biennium as a result of any salary increases authorized under this subsection (8)(c)(ii).

**Sec. 602.** 2009 c 564 s 602 (uncodified) is amended to read as follows:

(1) Within the funds appropriated in this act, each institution of higher education is expected to enroll and educate at least the following numbers of full-time equivalent state-supported students per academic year:

	2009-10 Annual Average	2010-11 Annual Average
University of Washington	36,546	37,162
Washington State University	22,250	22,250
Central Washington University	<del>((8,477))</del> <u>8,469</u>	<del>((8,734))</del> <u>8,808</u>
Eastern Washington University	<del>((8,469))</del> <u>8,477</u>	<del>((8,808))</del> <u>8,734</u>
The Evergreen State College	4,213	4,213
Western Washington University	11,373	11,762
State Board for Community & Technical Colleges		
Adult Students	139,237	<del>((139,237))</del> <u>143,046</u>
Running Start Students	11,558	11,558

(2) In achieving or exceeding these enrollment targets, each institution shall seek to:

(a) Maintain and to the extent possible increase enrollment opportunities at branch campuses;

(b) Maintain and to the extent possible increase enrollment opportunities at university centers and other partnership programs that enable students to earn baccalaureate degrees on community college campuses; and

(c) Eliminate and consolidate programs of study for which there is limited student or employer demand, or that are not areas of core academic strength for the institution, particularly when such programs duplicate offerings by other in-state institutions.

(3) By September 1, 2009, each institution shall report to the higher education committees and the relevant fiscal committees of the legislature on its plans for achieving the objectives in this section.

(4) For purposes of monitoring and reporting statewide enrollment, the University of Washington and Washington State University shall notify the office of financial management of the number of full-time student equivalent enrollments budgeted for each of their campuses.

**Sec. 603.** 2009 c 564 s 605 (uncodified) is amended to read as follows:

<b>FOR THE STATE BOARD FOR COMMUNITY AND TECHNICAL COLLEGES</b>	
General Fund--State Appropriation (FY 2010).....	(\$620,071,000) <u>\$631,804,000</u>
General Fund--State Appropriation (FY 2011).....	(\$642,509,000) <u>\$629,745,000</u>
General Fund--Federal Appropriation.....	\$17,171,000
Education Legacy Trust Account--State Appropriation.....	(\$95,125,000) <u>\$95,035,000</u>
<u>Opportunity Express Account--State Appropriation.....</u>	<u>\$18,556,000</u>
TOTAL APPROPRIATION.....	(\$1,374,876,000)

\$1,392,311,000

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

(1) \$28,761,000 of the general fund--state appropriation for fiscal year 2010 ((and)), \$28,761,000 of the general fund--state appropriation for fiscal year 2011, and \$17,556,000 of the opportunity express account--state appropriation are provided solely as special funds for training and related support services, including financial aid, as specified in RCW 28C.04.390. Funding is provided to support at least 6,200 full-time equivalent students in fiscal year 2010 and at least ((6,200)) 9,984 full-time equivalent students in fiscal year 2011.

(2) \$2,725,000 of the general fund--state appropriation for fiscal year 2010 and \$2,725,000 of the general fund--state appropriation for fiscal year 2011 are provided solely for administration and customized training contracts through the job skills program. The state board shall make an annual report by January 1st of each year to the governor and to the appropriate policy and fiscal committees of the legislature regarding implementation of this section, listing the scope of grant awards, the distribution of funds by educational sector and region of the state, and the results of the partnerships supported by these funds.

(3) Of the amounts appropriated in this section, \$3,500,000 is provided solely for the student achievement initiative.

(4) When implementing the appropriations in this section, the state board and the trustees of the individual community and technical colleges shall minimize impact on academic programs, maximize reductions in administration, and shall at least maintain, and endeavor to increase, enrollment opportunities and degree and certificate production in high employer-demand fields of study at their academic year 2008-09 levels.

(5) Within the board's 2009-11 biennial budget allocation to Bellevue College, and pursuant to RCW 28B.50.810, the college may implement, on a tuition and fee basis, an additional applied baccalaureate degree in interior design. This program is intended to provide students with additional opportunities to earn baccalaureate degrees and to respond to emerging job and economic growth opportunities. The program reviews and approval decisions required by RCW 28B.50.810 (3) and (4) shall be completed by July 31, 2009, so that the degree may be offered during the 2009-10 academic year.

(6) In accordance with the recommendations of the higher education coordinating board's 2008 *Kitsap region higher education center study*, the state board shall facilitate development of university centers by allocating thirty 2-year and 4-year partnership full-time enrollment equivalencies to Olympic College and ten 2-year and 4-year partnership full-time enrollment equivalencies to Peninsula College. The colleges shall use the allocations to establish a partnership with a baccalaureate university or universities for delivery of upper division degree programs in the Kitsap region. The Olympic and Peninsula Community College districts shall additionally work together to ensure coordinated development of these and other future baccalaureate opportunities through coordinated needs assessment, planning, and scheduling.

(7) By September 1, 2009, the state board for community and technical colleges, the higher education coordinating board, and the office of financial management shall review and to the extent necessary revise current 2009-11 performance measures and targets based on the level of state, tuition, and other resources appropriated or authorized in this act and in the omnibus 2009-11 omnibus capital budget act. The boards and the office of financial management shall additionally develop new performance targets for the 2011-13 and the 2013-15 biennia that will guide and measure the community and technical college system's contributions to achievement of the state's higher education master plan goals.

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(8) \$2,250,000 of the general fund--state appropriation for fiscal year 2010 and \$2,250,000 of the general fund--state appropriation for fiscal year 2011 are provided solely for the hospital employee education and training program under which labor, management, and college partnerships develop or expand and evaluate training programs for incumbent hospital workers that lead to careers in nursing and other high-demand health care occupations. The board shall report student progress, outcomes, and costs to the relevant fiscal and policy committees of the legislature by November 2009 and November 2010.

(9) Community and technical colleges are not required to send mass mailings of course catalogs to residents of their districts. Community and technical colleges shall consider lower cost alternatives, such as mailing postcards or brochures that direct individuals to online information and other ways of acquiring print catalogs.

(10) \$1,112,000 of the general fund--state appropriation for fiscal year 2010 and \$1,113,000 of the general fund--state appropriation for fiscal year 2011 are provided solely for the state board to enhance online distance learning and open courseware technology. Funds shall be used to support open courseware, open textbooks, open licenses to increase access, affordability and quality of courses in higher education. The state board for community and technical colleges shall select the most appropriate courses to support open courseware based solely upon criteria of maximizing the value of instruction and reducing costs of textbooks and other instructional materials for the greatest number of students in higher education, regardless of the type of institution those students attend.

(11) \$158,000 of the general fund--state appropriation for fiscal year 2011 is provided solely to implement House Bill No. 2694 (B.S. in nursing/university center). If the bill is not enacted by June 30, 2010, the amount provided in this subsection shall lapse.

(12)(a) The labor education and research center is transferred from The Evergreen State College to south Seattle community college and shall begin operations on July 1, 2010.

(b) At least \$164,000 of the general fund--state appropriation for fiscal year 2011 shall be expended on the labor education and research center to provide outreach programs and direct educational and research services to labor unions and worker-centered organizations.

(13) \$1,000,000 of the opportunity express account--state appropriation is provided solely for the opportunity grant program as specified in RCW 28B.50.271.

(14) \$1,750,000 of the general fund--state appropriation for fiscal year 2011 is provided solely for the state board for community and technical colleges to contract with the aerospace training and research center on Paine field in Everett, Washington to support industry-identified training in the aerospace sector.

(15) Sufficient amounts are provided in this section to implement the food stamp employment and training program under Second Substitute House Bill No. 2782 (security lifeline act).

**Sec. 604.** 2009 c 564 s 606 (uncodified) is amended to read as follows:

#### FOR THE UNIVERSITY OF WASHINGTON

General Fund--State Appropriation (FY 2010).....	(( <u>\$269,552,000</u> ))
	<u>\$269,571,000</u>
General Fund--State Appropriation (FY 2011).....	(( <u>\$297,130,000</u> ))
	<u>\$271,092,000</u>
General Fund--Federal Appropriation.....	(( <u>\$24,730,000</u> ))
	<u>\$43,971,000</u>
Education Legacy Trust Account--State Appropriation.....	(( <u>\$54,408,000</u> ))
	<u>\$54,534,000</u>
Accident Account--State Appropriation.....	(( <u>\$6,712,000</u> ))
	<u>\$6,750,000</u>

2010 1ST SPECIAL SESSION	
Medical Aid Account--State Appropriation.....	(( <u>\$6,524,000</u> ))
	<u>\$6,540,000</u>
Biotoxin Account--State Appropriation.....	(( <u>\$450,000</u> ))
	<u>\$449,000</u>
TOTAL APPROPRIATION.....	(( <u>\$659,506,000</u> ))
	<u>\$652,907,000</u>

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

(1) In implementing the appropriations in this section, the president and regents shall seek to minimize impacts on student services and instructional programs by maximizing reductions in administration and other non-instructional activities.

(2) Because higher education is an essential driver of economic recovery and development, the university shall maintain, and endeavor to increase, enrollment and degree production levels at or beyond their academic year 2008-09 levels in the following high-demand fields: Biological and biomedical sciences; computer and information sciences; education with specializations in special education, math, or science; engineering and engineering technology; health professions and related clinical sciences; and mathematics and statistics.

(3) \$75,000 of the general fund--state appropriation for fiscal year 2010 and \$75,000 of the general fund--state appropriation for fiscal year 2011 are provided solely for forestry research by the Olympic natural resources center.

(4) \$150,000 of the general fund--state appropriation for fiscal year 2010 is provided solely for the William D. Ruckelshaus center for facilitation, support, and analysis to support the nurse staffing steering committee in its work to apply best practices related to patient safety and nurse staffing.

(5) \$54,000 of the general fund--state appropriation for fiscal year 2010 and \$54,000 of the general fund--state appropriation for fiscal year 2011 are provided solely for the University of Washington geriatric education center to provide a voluntary adult family home certification program. In addition to the minimum qualifications required under RCW 70.128.120, individuals participating in the voluntary adult family home certification program shall complete fifty-two hours of class requirements as established by the University of Washington geriatric education center. Individuals completing the requirements of RCW 70.128.120 and the voluntary adult family home certification program shall be issued a certified adult family home license by the department of social and health services. The department of social and health services shall adopt rules implementing the provisions of this subsection.

(6) \$50,000 of the general fund--state appropriation for fiscal year 2010 and \$52,000 of the general fund--state appropriation for fiscal year 2011 are provided solely for the center for international trade in forest products in the college of forest resources.

(7)(a) \$183,000 of the general fund--state appropriation for fiscal year 2011 is for the technology law and public policy clinic at the University of Washington school of law to prepare a comprehensive report identifying and analyzing trends in the telecommunications industry and pathways for telecommunications regulatory reform. The report must include, but not be limited to, a review of the following issues: (i) The taxation treatment of all telecommunications services that provide the same or functionally equivalent services; (ii) the character and degree of competition in the telecommunications market; (iii) the regulatory, legal, and economic barriers to adequate competition, actual or perceived, that exist; (iv) what changes could be made in policy, law, or administrative rule to address any actual or perceived barriers to competition; and (v) the role of the utilities and transportation commission in the oversight and regulation of telecommunications services.

(b) The technology law and public policy clinic shall consult with local governments, public utility districts, telecommunications service providers, the utilities and transportation commission, the department of revenue, and other stakeholders in preparing its analysis and report.

(c) By December 1, 2011, the technology law and public policy clinic shall issue a report to the legislature with recommendations on legislative action that may be necessary in order to effectuate telecommunications regulatory reform in Washington.

(8) \$250,000 of the general fund--state appropriation for fiscal year 2011 is provided solely for joint planning to increase the number of residency positions and programs in eastern Washington and Spokane within the existing Washington, Wyoming, Alaska, Montana, Idaho (WWAMI) regional medical education program partnership between the University of Washington school of medicine, Washington State University, and area physicians and hospitals. The joint planning efforts are to include preparation of applications for new residency programs in family medicine, internal medicine, obstetrics, psychiatry and general surgery; business plans for those new programs; and for increasing the number of positions in existing programs among regional academic and hospital partners and networks. The results of the joint planning efforts, including the status of the application preparation and business plan, must be reported to the house of representatives committee on higher education and the senate committee on higher education and workforce development by December 1, 2010.

(9) \$25,000 of the general fund--state appropriation for fiscal year 2011 is provided solely for implementation of chapter 164, Laws of 2010 (local government infrastructure). The University of Washington shall use a qualified researcher to report the percentage probability that the application's assumptions and estimates of jobs created and increased tax receipts will be achieved by the projects. In making this report, the qualified researcher shall work with the department of revenue and the applicants to develop a series of factors that are based on available economic metrics and sound principles.

**Sec. 605.** 2009 c 564 s 607 (uncodified) is amended to read as follows:

#### **FOR WASHINGTON STATE UNIVERSITY**

General Fund--State Appropriation (FY 2010).....	<u>(((\$178,578,000))</u>
	<u>\$169,462,000</u>
General Fund--State Appropriation (FY 2011).....	<u>(((\$196,163,000))</u>
	<u>\$178,283,000</u>
General Fund--Federal Appropriation.....	<u>\$15,772,000</u>
Education Legacy Trust Account--State Appropriation.....	<u>(((\$34,696,000))</u>
	<u>\$34,435,000</u>
<b>TOTAL APPROPRIATION</b> .....	<u>(((\$425,209,000))</u>
	<u>\$397,952,000</u>

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

(1) In implementing the appropriations in this section, the president and regents shall seek to minimize impacts on student services and instructional programs by maximizing reductions in administration and other non-instructional activities.

(2) Because higher education is an essential driver of economic recovery and development, the university shall maintain, and endeavor to increase, enrollment and degree production levels at or beyond their academic year 2008-09 levels in the following high-demand fields: Biological and biomedical sciences; computer and information sciences; education with specializations in special education, math, or science; engineering and engineering technology; health professions and related clinical sciences; and mathematics and statistics.

(3) When implementing reductions for fiscal year 2010 and fiscal year 2011, Washington State University shall minimize

reductions to extension services and agriculture extension services. Agriculture extension includes:

(a) Faculty with extension appointments working within the following departments in the college of agricultural, human, and natural resource sciences with extension appointments: Animal sciences, crop and soil sciences, entomology, horticulture, and plant pathology;

(b) The portion of county extension educators' appointments assigned to the "agricultural programs" area;

(c) Staff with extension appointments and extension operating allocations located at the irrigated agriculture research and extension center (Prosser), northwest Washington research and extension center (Mt. Vernon), and tree fruit research and extension center (Wenatchee); and

(d) Extension contributions to the center for precision agricultural systems, center for sustaining agriculture and natural resources, and the agriculture weather network.

(4) \$75,000 of the general fund--state appropriation for fiscal year 2010 and \$75,000 of the general fund--state appropriation for fiscal year 2011 are provided solely for research related to honeybee colony collapse disease.

(5) \$100,000 of the general fund--state appropriation for fiscal year 2011 is provided solely for the small business development center. The center must, consistent with the scope, goals, deliverables, and timeline of work specified in the annual cooperative agreement with the United States small business administration:

(a) Develop and maintain a state comprehensive plan for the coordination and integration of small business and entrepreneurial development programs and the operations of a statewide small business and entrepreneurial development system. The plan must include but not be limited to setting measurable goals, objectives, and priorities;

(b) Advocate for the state's small business and entrepreneurial development system and for meeting the needs of small start-ups and existing entrepreneurs;

(c) Work with private and public entrepreneurial development and small business assistance providers to develop entrepreneurial training and small business assistance instructional materials and curricula that meet the particular entrepreneurial development and small business assistance needs of rural and low-income communities and small manufacturers interested in exporting; and

(d) Identify policies to reduce administrative and other barriers to efficient delivery and coordination of small business and entrepreneurial assistance.

**Sec. 606.** 2009 c 564 s 608 (uncodified) is amended to read as follows:

#### **FOR EASTERN WASHINGTON UNIVERSITY**

General Fund--State Appropriation (FY 2010).....	<u>(((\$34,685,000))</u>
	<u>\$34,689,000</u>
General Fund--State Appropriation (FY 2011).....	<u>(((\$40,796,000))</u>
	<u>\$36,666,000</u>
General Fund--Federal Appropriation.....	<u>\$5,522,000</u>
Education Legacy Trust Account--State Appropriation.....	<u>(((\$16,087,000))</u>
	<u>\$16,041,000</u>
<b>TOTAL APPROPRIATION</b> .....	<u>(((\$97,090,000))</u>
	<u>\$92,918,000</u>

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

(1) In implementing the appropriations in this section, the president and governing board shall seek to minimize impacts on student services and instructional programs by maximizing reductions in administration and other non-instructional activities.

(2) Because higher education is an essential driver of economic recovery and development, the university shall maintain, and endeavor to increase, enrollment and degree production levels at or

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beyond their academic year 2008-09 levels in the following high-demand fields: Biological and biomedical sciences; computer and information sciences; education with specializations in special education, math, or science; engineering and engineering technology; health professions and related clinical sciences; and mathematics and statistics.

(3) At least \$200,000 of the general fund--state appropriation for fiscal year 2010 and at least \$200,000 of the general fund--state appropriation for fiscal year 2011 shall be expended on the northwest autism center.

**Sec. 607.** 2009 c 564 s 609 (uncodified) is amended to read as follows:

**FOR CENTRAL WASHINGTON UNIVERSITY**

General Fund--State Appropriation (FY 2010).....	(( <u>\$30,284,000</u> ))	<u>\$30,289,000</u>
General Fund--State Appropriation (FY 2011).....	(( <u>\$37,580,000</u> ))	<u>\$33,803,000</u>
General Fund--Federal Appropriation.....		\$6,975,000
Education Legacy Trust Account--State Appropriation.....		<u>(\$19,076,000)</u>
		<u>\$19,012,000</u>
<b>TOTAL APPROPRIATION</b> .....	<b>((<u>\$93,915,000</u>))</b>	<b><u>\$90,079,000</u></b>

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

(1) In implementing the appropriations in this section, the president and governing board shall seek to minimize impacts on student services and instructional programs by maximizing reductions in administration and other non-instructional activities.

(2) Because higher education is an essential driver of economic recovery and development, the university shall maintain, and endeavor to increase, enrollment and degree production levels at or beyond their academic year 2008-09 levels in the following high-demand fields: Biological and biomedical sciences; computer and information sciences; education with specializations in special education, math, or science; engineering and engineering technology; health professions and related clinical sciences; and mathematics and statistics.

**Sec. 608.** 2009 c 564 s 610 (uncodified) is amended to read as follows:

**FOR THE EVERGREEN STATE COLLEGE**

General Fund--State Appropriation (FY 2010).....	(( <u>\$20,512,000</u> ))	<u>\$20,514,000</u>
General Fund--State Appropriation (FY 2011).....	(( <u>\$22,865,000</u> ))	<u>\$18,505,000</u>
General Fund--Federal Appropriation.....		\$2,366,000
Education Legacy Trust Account--State Appropriation.....		<u>((<u>\$5,450,000</u>)</u>
		<u>\$5,417,000</u>
<b>TOTAL APPROPRIATION</b> .....	<b>((<u>\$51,193,000</u>))</b>	<b><u>\$46,802,000</u></b>

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

(1) In implementing the appropriations in this section, the president and governing board shall seek to minimize impacts on student services and instructional programs by maximizing reductions in administration and other non-instructional activities.

(2) Because higher education is an essential driver of economic recovery and development, the college shall maintain, and endeavor to increase, enrollment and degree production levels at or beyond their academic year 2008-09 levels in the following high-demand fields: Biological and biomedical sciences; computer and information sciences; education with specializations in special education, math, or science; engineering and engineering

technology; health professions and related clinical sciences; and mathematics and statistics.

(3)(a) At least \$100,000 of the general fund--state appropriation for fiscal year 2010 ((and at least \$100,000 of the general fund--state appropriation for fiscal year 2011)) shall be expended on the labor education and research center.

(b) In fiscal year 2011 the labor education and research center shall be transferred from The Evergreen State College to south Seattle community college.

(4) \$100,000 of the general fund--state appropriation for fiscal year 2010 and \$100,000 of the general fund--state appropriation for fiscal year 2011 are provided solely for the Washington state institute for public policy to report to the legislature regarding efficient and effective programs and policies. The report shall calculate the return on investment to taxpayers from evidence-based prevention and intervention programs and policies that influence crime, K-12 education outcomes, child maltreatment, substance abuse, mental health, public health, public assistance, employment, and housing. The institute for public policy shall provide the legislature with a comprehensive list of programs and policies that improve these outcomes for children and adults in Washington and result in more cost-efficient use of public resources. The institute shall submit interim reports by December 15, 2009, and October 1, 2010, and a final report by June 30, 2011. The institute may receive additional funds from a private organization for the purpose of conducting this study.

(5) To the extent federal or private funding is available for this purpose, the Washington state institute for public policy and the center for reinventing public education at the University of Washington shall examine the relationship between participation in pension systems and teacher quality and mobility patterns in the state. The department of retirement systems shall facilitate researchers' access to necessary individual-level data necessary to effectively conduct the study. The researchers shall ensure that no individually identifiable information will be disclosed at any time. An interim report on project findings shall be completed by November 15, 2010, and a final report shall be submitted to the governor and to the relevant committees of the legislature by October 15, 2011.

(6) At least \$200,000 of the general fund--state appropriation for fiscal year 2010 and at least \$200,000 of the general fund--state appropriation for fiscal year 2011 shall be expended on the Washington center for undergraduate education.

(7) \$15,000 of the general fund--state appropriation for fiscal year 2010 is provided solely for the Washington state institute for public policy to examine the need for and methods to increase the availability of nonfood items, such as personal hygiene supplies, soaps, paper products, and other items, to needy persons in the state. The study shall examine existing private and public programs that provide such products, and develop recommendations for the most cost-effective incentives for private and public agencies to increase local distribution outlets and local and regional networks of supplies. A final report shall be delivered to the legislature and the governor by December 1, 2009.

(8) \$17,000 of the general fund--state appropriation for fiscal year 2010 and \$42,000 of the general fund--state appropriation for fiscal year 2011 are provided to the Washington state institute for public policy to implement Second Substitute House Bill No. 2106 (child welfare outcomes). If the bill is not enacted by June 30, 2009, the amounts provided in this subsection shall lapse.

(9) \$54,000 of the general fund--state appropriation for fiscal year 2010 and \$23,000 of the general fund--state appropriation for fiscal year 2011 are provided solely to implement Substitute Senate Bill No. 5882 (racial disproportionality). If the bill is not enacted

by June 30, 2009, the amounts provided in this subsection shall lapse.

(10) \$75,000 of the general fund--state appropriation for fiscal year 2010 is provided solely for the Washington state institute of public policy to evaluate the adequacy of and access to financial aid and independent living programs for youth in foster care. The examination shall include opportunities to improve efficiencies within these programs. The institute shall report its findings by December 1, 2009.

(11) \$75,000 of the general fund--state appropriation for fiscal year 2010 is provided solely for the Washington state institute for public policy to conduct an assessment of the general assistance unemployable program and other similar programs. The assessment shall include a review of programs in other states that provide similar services and will include recommendations on promising approaches that both improve client outcomes and reduce state costs. A report is due by December 1, 2009.

(12) To the extent funds are available, the Washington state institute for public policy is encouraged to continue the longitudinal analysis of long-term mental health outcomes directed in chapter 334, Laws of 2001 (mental health performance audit), to build upon the evaluation of the impacts of chapter 214, Laws of 1999 (mentally ill offenders); and to assess program outcomes and cost effectiveness of the children's mental health pilot projects as required by chapter 372, Laws of 2006.

(13) \$50,000 of the general fund--state appropriation for fiscal year 2011 is provided solely for the institute for public policy to provide research support to the council on quality education.

(14) At least \$119,207 of the general fund--state appropriation for fiscal year 2011 shall be expended on the longhouse center.

(15) At least \$103,146 of the general fund--state appropriation for fiscal year 2011 shall be expended on the Northwest Indian applied research institute.

**Sec. 609.** 2009 c 564 s 611 (uncodified) is amended to read as follows:

#### FOR WESTERN WASHINGTON UNIVERSITY

General Fund--State Appropriation (FY 2010).....	<u>(((\$43,141,000))</u>
	<u>\$43,146,000</u>
General Fund--State Appropriation (FY 2011).....	<u>(((\$52,752,000))</u>
	<u>\$48,391,000</u>
General Fund--Federal Appropriation.....	<u>\$8,885,000</u>
Education Legacy Trust Account--State Appropriation.....	<u>(((\$13,036,000))</u>
	<u>\$12,917,000</u>
TOTAL APPROPRIATION.....	<u>(((\$117,814,000))</u>
	<u>\$113,339,000</u>

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

(1) In implementing the appropriations in this section, the president and governing board shall seek to minimize impacts on student services and instructional programs by maximizing reductions in administration and other non-instructional activities.

(2) Because higher education is an essential driver of economic recovery and development, the university shall maintain, and endeavor to increase, enrollment and degree production levels at or beyond their academic year 2008-09 levels in the following high-demand fields: Biological and biomedical sciences; computer and information sciences; education with specializations in special education, math, or science; engineering and engineering technology; health professions and related clinical sciences; and mathematics and statistics.

**Sec. 610.** 2009 c 564 s 612 (uncodified) is amended to read as follows:

#### FOR THE HIGHER EDUCATION COORDINATING BOARD--POLICY COORDINATION AND ADMINISTRATION

General Fund--State Appropriation (FY 2010).....	<u>(((\$6,611,000))</u>
	<u>\$6,402,000</u>
General Fund--State Appropriation (FY 2011).....	<u>(((\$6,203,000))</u>
	<u>\$5,561,000</u>
General Fund--Federal Appropriation.....	<u>(((\$4,352,000))</u>
	<u>\$4,332,000</u>
TOTAL APPROPRIATION.....	<u>(((\$17,166,000))</u>
	<u>\$16,295,000</u>

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

(1) Within the funds appropriated in this section, the higher education coordinating board shall complete a system design planning project that defines how the current higher education delivery system can be shaped and expanded over the next ten years to best meet the needs of Washington citizens and businesses for high quality and accessible post-secondary education. The board shall propose policies and specific, fiscally feasible implementation recommendations to accomplish the goals established in the *2008 strategic master plan for higher education*. The project shall specifically address the roles, missions, and instructional delivery systems both of the existing and of proposed new components of the higher education system; the extent to which specific academic programs should be expanded, consolidated, or discontinued and how that would be accomplished; the utilization of innovative instructional delivery systems and pedagogies to reach both traditional and nontraditional students; and opportunities to consolidate institutional administrative functions. The study recommendations shall also address the proposed location, role, mission, academic program, and governance of any recommended new campus, institution, or university center. During the planning process, the board shall inform and actively involve the chairs from the senate and house of representatives committees on higher education, or their designees. The board shall report the findings and recommendations of this system design planning project to the governor and the appropriate committees of the legislature by December 1, 2009.

(2) \$146,000 of the general fund--state appropriation for fiscal year 2010 and \$65,000 of the general fund--state appropriation for fiscal year 2011 are provided solely for the higher education coordinating board to administer Engrossed Second Substitute House Bill No. 2021 (revitalizing student financial aid). If the bill is not enacted by June 30, 2009, the amounts provided in this subsection shall lapse.

(3) (((\$227,000)) \$167,000 of the general fund--state appropriation for fiscal year 2010 and (((\$41,000)) \$71,000 of the general fund--state appropriation for fiscal year 2011 are provided solely to implement Engrossed Second Substitute House Bill No. 1946 (regarding higher education online technology). If the bill is not enacted by June 30, 2009, the amounts provided in this subsection shall lapse.

(4) (((\$400,000)) \$350,000 of the general fund--state appropriation for fiscal year 2010 and (((\$400,000)) \$200,000 of the general fund--state appropriation for fiscal year 2011 are provided solely for the higher education coordinating board to contract with the Pacific Northwest university of health sciences to conduct training and education of health care professionals to promote osteopathic physician services in rural and underserved areas of the state.

**Sec. 611.** 2009 c 564 s 613 (uncodified) is amended to read as follows:

FOR THE HIGHER EDUCATION COORDINATING BOARD--FINANCIAL AID AND GRANT PROGRAMS	
General Fund--State Appropriation (FY 2010).....	<u>(((\$204,332,000))</u>
	<u>\$188,332,000</u>
General Fund--State Appropriation (FY 2011).....	<u>(((\$229,711,000))</u>
	<u>\$122,218,000</u>

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General Fund--Federal Appropriation.....	(((\$13,124,000))
	<u>\$13,129,000</u>
Education Legacy Trust Account--State Appropriation.....	(((\$88,062,000))
	<u>\$116,060,000</u>
<u>Opportunity Pathways Account--State Appropriation</u> .....	<u>\$73,500,000</u>
TOTAL APPROPRIATION.....	(((\$535,229,000)))
	<u>\$513,239,000</u>

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

(1) (((\$191,704,000)) \$178,726,000 of the general fund--state appropriation for fiscal year 2010, (((\$232,929,000)) \$120,572,000 of the general fund--state appropriation for fiscal year 2011, (((\$80,190,000)) \$109,188,000 of the education legacy trust account appropriation, \$73,500,000 of the opportunity pathways appropriation, and (((\$2,446,000)) \$2,545,000 of the general fund--federal appropriation are provided solely for student financial aid payments under the state need grant; the state work study program including up to a four percent administrative allowance; the Washington scholars program; and the Washington award for vocational excellence. State need grant((,)) and the Washington award for vocational excellence((, and state work study awards)) shall be adjusted to offset the cost of the resident undergraduate tuition increases, limited to those tuition increases authorized under this act. The Washington scholars program shall provide awards sufficient to offset ninety percent of the total tuition and fee award.

(2)(a) Within the funds appropriated in this section, eligibility for the state need grant shall include students with family incomes at or below 70 percent of the state median family income (MFI), adjusted for family size. Awards for all students shall be adjusted by the estimated amount by which Pell grant increases exceed projected increases in the noninstructional costs of attendance. Awards for students with incomes between 51 and 70 percent of the state median shall be prorated at the following percentages of the award amount granted to those with incomes below 51 percent of the MFI: 70 percent for students with family incomes between 51 and 55 percent MFI; 65 percent for students with family incomes between 56 and 60 percent MFI; 60 percent for students with family incomes between 61 and 65 percent MFI; and 50 percent for students with family incomes between 66 and 70 percent MFI.

(b) Grant awards for students at private four-year colleges shall be set at the same level as the student would receive if attending one of the public research universities.

(3) (((\$1,000,000) of the education legacy trust account--state appropriation is provided solely to encourage more students to teach secondary mathematics and science. \$500,000 of this amount is for the future teacher scholarship and conditional loan program. \$500,000 of this amount is provided to support state work study positions for students to intern in secondary schools and classrooms.)) To the maximum extent practicable, the board shall provide state work study subsidies only to resident students during the 2010-11 academic year. Additionally, in order to provide work opportunities to as many resident students as possible, the board is encouraged to increase the proportion of student wages that is to be paid by both proprietary and nonprofit, public, and private employers.

(4) \$3,872,000 of the education legacy trust account--state appropriation is provided solely for the passport to college scholarship program pursuant to chapter 28B.117 RCW. The higher education coordinating board shall contract with a college scholarship organization with expertise in managing scholarships for low-income, high-potential students and foster care children and young adults to administer the program. Of the amount in this subsection, \$39,000 is provided solely for the higher education coordinating board for administration of the contract and the

remaining shall be contracted out to the organization for the following purposes:

(a) \$384,000 is provided solely for program administration, and

(b) \$3,449,000 is provided solely for student financial aid for up to 151 students and to fund student support services. Funds are provided for student scholarships, provider training, and for incentive payments to the colleges they attend for individualized student support services which may include, but are not limited to, college and career advising, counseling, tutoring, costs incurred for students while school is not in session, personal expenses, health insurance, and emergency services.

(5) \$1,250,000 of the general fund--state appropriation for fiscal year 2010 ((and \$1,250,000 of the general fund--state appropriation for fiscal year 2011 are)) is provided solely for the health professional scholarship and loan program. The funds provided in this subsection shall be: (a) Prioritized for health care delivery sites demonstrating a commitment to serving the uninsured; and (b) allocated between loan repayments and scholarships proportional to current program allocations.

(6) For fiscal year 2010 and fiscal year 2011, the board shall defer loan or conditional scholarship repayments to the future teachers conditional scholarship and loan repayment program for up to one year for each participant if the participant has shown evidence of efforts to find a teaching job but has been unable to secure a teaching job per the requirements of the program.

(7) \$246,000 of the general fund--state appropriation for fiscal year 2010 and \$246,000 of the general fund--state appropriation for fiscal year 2011 are for community scholarship matching grants and its administration. To be eligible for the matching grant, nonprofit groups organized under section 501(c)(3) of the federal internal revenue code must demonstrate they have raised at least \$2,000 in new moneys for college scholarships after the effective date of this section. Groups may receive no more than one \$2,000 matching grant per year and preference shall be given to groups affiliated with scholarship America. Up to a total of \$46,000 per year of the amount appropriated in this section may be awarded to a nonprofit community organization to administer scholarship matching grants, with preference given to an organization affiliated with scholarship America.

(8) \$500,000 of the general fund--state appropriation for fiscal year 2010 and \$500,000 of the general fund--state appropriation for fiscal year 2011 are provided solely for state need grants provided to students enrolled in three to five credit-bearing quarter credits, or the equivalent semester credits. Total state expenditures on this program shall not exceed the amounts provided in this subsection.

(9) (((\$3,000,000)) \$2,500,000 of the education legacy trust account--state appropriation is provided solely for the gaining early awareness and readiness for undergraduate programs project.

(10) \$75,000 of the general fund--state appropriation for fiscal year 2010 ((and \$75,000 of the general fund--state appropriation for fiscal year 2011 are)) is provided solely for higher education student child care matching grants under chapter 28B.135 RCW.

(11) \$200,000 of the general fund--state appropriation for fiscal year 2011 is provided solely for continuation of the leadership 1000 scholarship sponsorship and matching program.

(12) In 2010 and 2011, the board shall continue to designate Washington scholars and scholar-alternates and to recognize them at award ceremonies as provided in RCW 28A.600.150, but state funding is provided for award of only one scholarship per legislative district during the 2010-11 academic year. After the 2010-11 academic year, and as provided in RCW 28B.76.660, the board may distribute grants to these eligible students to the extent that funds are appropriated for this purpose.

**Sec. 612.** 2009 c 564 s 614 (uncodified) is amended to read as follows:

**FOR THE WORK FORCE TRAINING AND EDUCATION  
COORDINATING BOARD**

General Fund--State Appropriation (FY 2010).....	<u>(((\$1,587,000)))</u>
	<u>\$1,465,000</u>
General Fund--State Appropriation (FY 2011).....	<u>(((\$1,556,000)))</u>
	<u>\$1,444,000</u>
General Fund--Federal Appropriation.....	<u>(((\$54,262,000)))</u>
	<u>\$54,020,000</u>
TOTAL APPROPRIATION.....	<u>(((\$57,405,000)))</u>
	<u>\$56,929,000</u>

The appropriations in this section are subject to the following conditions and limitations: ((2))

(1) \$60,000 of the general fund--state appropriation for fiscal year 2010 and \$60,000 of the general fund--state appropriation for fiscal year 2011 are provided solely for implementation of Engrossed Second Substitute House Bill No. 2227 (evergreen jobs act). If the bill is not enacted by June 30, 2009, the amounts provided in this subsection shall lapse.

(2) In 2010 and 2011, the board shall continue to designate recipients of the Washington award for vocational excellence and to recognize them at award ceremonies as provided in RCW 28C.04.535, but state funding is provided for award of only one scholarship per legislative district during the 2010-11 academic year. After the 2010-11 academic year, and as provided in RCW 28B.76.670, the board may distribute grants to these eligible students to the extent that funds are appropriated for this purpose.

**Sec. 613.** 2009 c 564 s 615 (uncodified) is amended to read as follows:

**FOR THE SPOKANE INTERCOLLEGiate RESEARCH  
AND TECHNOLOGY INSTITUTE**

General Fund--State Appropriation (FY 2010).....	\$1,598,000
General Fund--State Appropriation (FY 2011).....	<u>(((\$1,611,000)))</u>
	<u>\$1,490,000</u>
TOTAL APPROPRIATION.....	(((\$3,209,000)))
	\$2,098,000

The appropriations in this section are subject to the following conditions and limitations: Within existing resources, the Spokane intercollegiate research and technology institute shall coordinate with the Washington technology center to identify gaps and overlaps in programs and evaluate strategies to reduce administrative overhead expenses per section 122(27) of this act.

**Sec. 614.** 2009 c 564 s 616 (uncodified) is amended to read as follows:

## **FOR THE DEPARTMENT OF EARLY LEARNING**

General Fund--State Appropriation (FY 2010).....	(((\$60,478,000))
	<u>\$60,400,000</u>
General Fund--State Appropriation (FY 2011).....	(((\$61,045,000))
	<u>\$21,241,000</u>
General Fund--Federal Appropriation.....	(((\$244,859,000))
	<u>\$265,305,000</u>
<u>Opportunity Pathways Account--State Appropriation</u> .....	<u>\$40,000,000</u>
TOTAL APPROPRIATION.....	(((\$366,382,000))
	<u>\$386,946,000</u>

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

(1) ~~(((\$55,696,000)))~~ \$54,878,000 of the general fund--state appropriation for fiscal year 2010 and ~~(((\$55,696,000)))~~ \$14,685,000 of the general fund--state appropriation for fiscal year 2011, and \$40,000,000 of the opportunity pathways account appropriation are provided solely for early childhood education and assistance program services. This appropriation temporarily reduces the number of slots for the 2009-11 fiscal biennium for the early childhood education and assistance program. The department shall reduce slots where providers serve both federal headstart and early childhood education and assistance program children, to the greatest extent possible, in order to achieve no reduction of slots across the

state. The amounts in this subsection also reflect reductions to the administrative expenditures for the early childhood education and assistance program. The department shall reduce administrative expenditures, to the greatest extent possible, prior to reducing early childhood education and assistance program slots. Of these amounts, \$10,284,000 is a portion of the biennial amount of state matching dollars required to receive federal child care and development fund grant dollars.

(2) \$1,000,000 of the general fund--federal appropriation is provided to the department to contract with Thrive by Five, Washington for a pilot project for a quality rating and improvement system to provide parents with information they need to choose quality child care and education programs and to improve the quality of early care and education programs. The department in collaboration with Thrive by Five shall operate the pilot projects in King, Yakima, Clark, Spokane, and Kitsap counties. The department shall use child care development fund quality money for this purpose.

(3) \$425,000 of the general fund--state appropriation for fiscal year 2010, ~~(\$425,000)~~ \$213,000 of the general fund--state appropriation for fiscal year 2011, and \$850,000 of the general fund--federal appropriation are provided solely for child care resource and referral network services. The general fund--federal funding represents moneys from the American recovery and reinvestment act of 2009 (child care development block grant).

(4) \$750,000 of the general fund--state appropriation for fiscal year 2010, \$750,000 of the general fund--state appropriation for fiscal year 2011, and \$1,500,000 of the general fund--federal appropriation are provided solely for the career and wage ladder program created by chapter 507, Laws of 2005. The general fund--federal funding represents moneys from the American recovery and reinvestment act of 2009 (child care development block grant).

(5) \$50,000 of the general fund--state appropriation for fiscal year 2010 and \$50,000 of the general fund--state appropriation for fiscal year 2011 are provided solely for the department to work with stakeholders and the office of the superintendent of public instruction to identify and test a kindergarten assessment process and tools in geographically diverse school districts. School districts may participate in testing the kindergarten assessment process on a voluntary basis. The department shall report to the legislature on the kindergarten assessment process not later than January 15, 2011. Expenditure of amounts provided in this subsection is contingent on receipt of an equal match from private sources. As matching funds are made available, the department may expend the amounts provided in this subsection.

(6) \$1,600,000 of the general fund–federal appropriation is provided solely for the department to fund programs to improve the quality of infant and toddler child care through training, technical assistance, and child care consultation.

(7) \$200,000 of the general fund--state appropriation for fiscal year 2010 and \$200,000 of the general fund--state appropriation for fiscal year 2011 are provided solely to develop and provide

culturally relevant supports for parents, family, and other caregivers.

(8) The legislature notes that the department of early learning is developing a plan for improving child care licensing and is consulting, as practicable, with parents, licensed child care providers, and stakeholders from the child care community. The plan shall outline the processes and specify the resources necessary for improvements such as continuing licenses, child care licensing technology, and weighted child care regulations, including development of risk-based decision making models and inclusive, evidence-based rule making. The department shall submit to the appropriate committees of the legislature a plan by January 15, 2011.

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(9) The department is the lead agency for and recipient of the federal child care and development fund grant. Amounts within this grant shall be used to fund child care licensing, quality initiatives, agency administration, and other costs associated with child care subsidies. The department shall transfer a portion of this grant to the department of social and health services to partially fund the child care subsidies paid by the department of social and health services on behalf of the department of early learning.

(10) The department shall use child care development fund money to satisfy the federal audit requirement of the improper payments act (IPIA) of 2002. In accordance with the IPIA's rules, the money spent on the audits will not count against the five percent state limit on administrative expenditures.

(11) Within available amounts, the department in consultation with the office of financial management and the department of social and health services shall report quarterly enrollments and active caseload for the working connections child care program to the legislative fiscal committees. The report shall also identify the number of cases participating in both temporary assistance for needy families and working connections child care.

(12) The appropriations in this section reflect reductions in the appropriations for the department's administrative expenses. It is the intent of the legislature that these reductions shall be achieved, to the greatest extent possible, by reducing those administrative costs that do not affect direct client services or direct service delivery or program.

(13) \$500,000 of the general fund--state appropriation for fiscal year 2011 is provided solely for the department to contract with the private-public partnership established in chapter 43.215 RCW for home visitation programs. Of this amount, \$200,000 of the general fund--state appropriation for fiscal year 2011 is provided solely for expenditure into the home visiting services account created in Part IX of this act to be used for contracts for home visitation with the private-public partnership.

(14) In accordance to RCW 43.215.255(2) and 43.135.055, the department is authorized to increase child care center licensure fees by fifty-two dollars for the first twelve children and an additional four dollars per additional child in fiscal year 2011 for costs to the department for the licensure activity, including costs of necessary inspection.

**Sec. 615.** 2009 c 564 s 617 (uncodified) is amended to read as follows:

**FOR THE STATE SCHOOL FOR THE BLIND**

General Fund--State Appropriation (FY 2010).....	\$5,902,000
General Fund--State Appropriation (FY 2011).....	<u>(((\$5,908,000))</u>
	\$5,985,000
General Fund--Private/Local Appropriation.....	<u>(((\$1,928,000))</u>
	\$1,942,000
TOTAL APPROPRIATION.....	<u>(((\$13,738,000))</u>
	\$13,829,000

The appropriations in this section are subject to the following conditions and limitations: \$271,000 of the general fund--private/local appropriation is provided solely for the school for the blind to offer short course programs, allowing students the opportunity to leave their home schools for short periods and receive intensive training. The school for the blind shall provide this service to the extent that it is funded by contracts with school districts and educational services districts.

**Sec. 616.** 2009 c 564 s 618 (uncodified) is amended to read as follows:

**FOR THE ((STATE SCHOOL FOR THE DEAF)) WASHINGTON STATE CENTER FOR CHILDHOOD DEAFNESS AND HEARING LOSS**

General Fund--State Appropriation (FY 2010).....	<u>(((\$8,592,000))</u>
	\$8,593,000

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General Fund--State Appropriation (FY 2011).....	<u>(((\$8,656,000))</u>
	\$8,782,000
General Fund--Private/Local Appropriation.....	<u>\$526,000</u>
TOTAL APPROPRIATION.....	<u>(((\$17,774,000))</u>
	\$17,901,000

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

(1) \$210,000 of the general fund--private/local appropriation is provided solely for the operation of the shared reading video outreach program. The school for the deaf shall provide this service to the extent it is funded by contracts with school districts and educational service districts.

(2) \$25,000 of the general fund--state appropriation for fiscal year 2010 and \$25,000 of the general fund--state appropriation for fiscal year 2011 are provided solely for implementation of Engrossed Second Substitute House Bill No. 1879 (deaf and hard of hearing). If the bill is not enacted by June 30, 2009, the amounts provided in this subsection shall lapse.

**Sec. 617.** 2009 c 564 s 619 (uncodified) is amended to read as follows:

**FOR THE WASHINGTON STATE ARTS COMMISSION**

General Fund--State Appropriation (FY 2010).....	<u>(((\$1,876,000))</u>
	\$1,844,000
General Fund--State Appropriation (FY 2011).....	<u>(((\$1,883,000))</u>
	\$1,347,000
General Fund--Federal Appropriation.....	<u>(((\$1,923,000))</u>
	\$1,944,000
General Fund--Private/Local Appropriation.....	<u>(((\$1,054,000))</u>
	\$1,052,000
TOTAL APPROPRIATION.....	<u>(((\$6,736,000))</u>
	\$6,187,000

The appropriations in this section are subject to the following conditions and limitations: It is the intent of the legislature that the reductions in appropriations in this section shall be achieved, to the greatest extent possible, by reducing those administrative costs that do not affect direct client services or direct service delivery or programs. The agency shall, to the greatest extent possible, reduce spending in those areas that shall have the least impact on implementing its mission.

**Sec. 618.** 2009 c 564 s 620 (uncodified) is amended to read as follows:

**FOR THE WASHINGTON STATE HISTORICAL SOCIETY**

General Fund--State Appropriation (FY 2010).....	\$2,592,000
General Fund--State Appropriation (FY 2011).....	<u>(((\$2,636,000))</u>
	\$2,607,000
TOTAL APPROPRIATION.....	<u>(((\$5,228,000))</u>
	\$5,199,000

The appropriations in this section are subject to the following conditions and limitations: It is the intent of the legislature that the reductions in appropriations in this section shall be achieved, to the greatest extent possible, by reducing those administrative costs that do not affect direct client services or direct service delivery or programs. The agency shall, to the greatest extent possible, reduce spending in those areas that shall have the least impact on implementing its mission.

**Sec. 619.** 2009 c 564 s 621 (uncodified) is amended to read as follows:

**FOR THE EASTERN WASHINGTON STATE HISTORICAL SOCIETY**

General Fund--State Appropriation (FY 2010).....	\$1,612,000
General Fund--State Appropriation (FY 2011).....	<u>(((\$1,655,000))</u>
	\$1,632,000
TOTAL APPROPRIATION.....	<u>(((\$3,267,000))</u>
	\$3,244,000



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Grant County	\$118,595	\$118,596	\$237,194
Health District			
Grays Harbor Health Department	\$183,870	\$183,870	\$367,740
Island County Health Department	\$91,892	\$91,892	\$183,784
Jefferson County Health and Human Services	\$85,782	\$85,782	\$171,564
Seattle-King County	\$9,531,747	\$9,531,747	\$19,063,494
Department of Public Health			
Bremerton-Kitsap County Health District	\$554,669	\$554,669	\$1,109,338
Kittitas County Health Department	\$92,499	\$92,499	\$184,998
Klickitat County Health Department	\$62,402	\$62,402	\$124,804
Lewis County Health Department	\$105,801	\$105,801	\$211,602
Lincoln County Health Department	\$29,705	\$29,705	\$59,410
Mason County Department of Health Services	\$95,988	\$95,988	\$191,976
Okanogan County Health District	\$63,458	\$63,458	\$126,916
Pacific County Health Department	\$77,427	\$77,427	\$154,854
Tacoma-Pierce County Health Department	\$2,820,590	\$2,820,590	\$5,641,180
San Juan County Health and Community Services	\$37,531	\$37,531	\$75,062
Skagit County Health Department	\$223,927	\$223,927	\$447,854
Snohomish Health District	\$2,258,207	\$2,258,207	\$4,516,414
Spokane County Health District	\$2,101,429	\$2,101,429	\$4,202,858
Northeast Tri-County Health District	\$110,454	\$110,454	\$220,908
Thurston County Health Department	\$600,419	\$600,419	\$1,200,838
Wahkiakum County Health Department	\$13,773	\$13,772	\$27,545
Walla Walla County-City Health Department	\$172,062	\$172,062	\$344,124
Whatcom County Health Department	\$855,863	\$855,863	\$1,711,726
Whitman County Health Department	\$78,733	\$78,733	\$157,466
Yakima Health District	\$623,797	\$623,797	\$1,247,594
<b>TOTAL APPROPRIATIONS</b>	<b>\$24,000,000</b>	<b>\$24,000,000</b>	<b>\$48,000,000</b>
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**NEW SECTION.** **Sec. 705.** A new section is added to 2009 c 564 (uncodified) to read as follows:

**FOR THE DEPARTMENT OF HEALTH-COUNTY PUBLIC HEALTH ASSISTANCE**

General Fund-State Appropriation (FY 2011) .....\$24,000,000

The appropriations in this section are subject to the following conditions and limitations: The director of the department of health shall distribute the appropriations to the following counties and health districts in the amounts designated to support public health services, including public health nursing:

<b>Health District</b>	<b>FY 2011</b>
Adams County Health District	\$30,951
Asotin County Health District	\$67,714
Benton-Franklin Health District	\$1,165,612
Chelan-Douglas Health District	\$184,761
Clallam County Health and Human Services Department	\$141,752
Southwest Washington Health District	\$1,084,473
Columbia County Health District	\$40,529
Cowlitz County Health Department	\$278,560
Garfield County Health District	\$15,028
Grant County Health District	\$118,596
Grays Harbor Health Department	183,870
Island County Health Department	\$91,892
Jefferson County Health and Human Services	\$85,782
Seattle-King County Department of Public Health	\$9,531,747
Bremerton-Kitsap County Health District	\$554,669
Kittitas County Health Department	\$92,499
Klickitat County Health Department	\$62,402
Lewis County Health Department	\$105,801
Lincoln County Health Department	\$29,705
Mason County Department of Health Services	\$95,988
Okanogan County Health District	\$63,458
Pacific County Health Department	\$77,427
Tacoma-Pierce County Health Department	\$2,820,590
San Juan County Health and Community Services	\$37,531
Skagit County Health Department	\$223,927
Snohomish Health District	\$2,258,207
Spokane County Health District	\$2,101,429
Northeast Tri-County Health District	\$110,454
Thurston County Health Department	\$600,419
Wahkiakum County Health Department	\$13,772
Walla Walla County-City Health Department	\$172,062
Whatcom County Health Department	\$855,863
Whitman County Health Department	\$78,733
Yakima Health District	\$623,797
<b>TOTAL APPROPRIATIONS</b>	<b>\$24,000,000</b>
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Northeast Tri-County Health District	\$110,454
Thurston County Health Department	\$600,419
Wahkiakum County Health Department	\$13,772
Walla Walla County-City Health Department	\$172,062
Whatcom County Health Department	\$855,863
Whitman County Health Department	\$78,733
Yakima Health District	\$623,797
<b>TOTAL APPROPRIATIONS</b>	<b>\$24,000,000</b>

**Sec. 706.** 2009 c 564 s 710 (uncodified) is amended to read as follows:

**FOR THE DEPARTMENT OF RETIREMENT SYSTEMS--CONTRIBUTIONS TO RETIREMENT SYSTEMS.**

The appropriations in this section are subject to the following conditions and limitations: The appropriations for the law enforcement officers' and firefighters' retirement system shall be made on a monthly basis beginning July 1, 2009, consistent with chapter 41.45 RCW, and the appropriations for the judges and judicial retirement systems shall be made on a quarterly basis consistent with chapters 2.10 and 2.12 RCW.

(1) There is appropriated for state contributions to the law enforcement officers' and firefighters' retirement system:

General Fund--State Appropriation (FY 2010) .....	\$51,500,000
General Fund--State Appropriation (FY 2011) .....	<u>(\$54,300,000)</u>
	<u>\$55,400,000</u>
<b>TOTAL APPROPRIATION</b>	<b><u>((-\$105,800,000))</u></b>
	<b><u>\$106,900,000</u></b>

(2) There is appropriated for contributions to the judicial retirement system:

General Fund--State Appropriation (FY 2010) .....	\$11,570,000
General Fund--State Appropriation (FY 2011) .....	<u>((-\$12,860,000))</u>
	<u>\$10,860,000</u>
<b>TOTAL APPROPRIATION</b>	<b><u>((-\$24,430,000))</u></b>
	<b><u>\$22,430,000</u></b>

**Sec. 707.** 2009 c 564 s 717 (uncodified) is amended to read as follows:

**FOR THE OFFICE OF FINANCIAL MANAGEMENT--CAPITOL BUILDING CONSTRUCTION ACCOUNT**

General Fund--State Appropriation (FY 2010) .....	<u>((-\$2,312,000))</u>
	<u>\$1,912,000</u>
General Fund--State Appropriation (FY 2011) .....	\$3,615,000
<b>TOTAL APPROPRIATION</b>	<b><u>((-\$5,927,000))</u></b>
	<b><u>\$5,527,000</u></b>

The appropriations in this section are subject to the following conditions and limitations: The appropriations are provided solely for expenditure into the capitol building construction account.

**NEW SECTION. Sec. 708.** A new section is added to 2009 c 564 (uncodified) to read as follows:

**FOR THE OFFICE OF FINANCIAL MANAGEMENT--WASHINGTON MANAGEMENT SERVICES AND EXEMPT MANAGEMENT SERVICES REDUCTIONS**

General Fund--State Appropriation (FY 2011) .....	(\$10,000,000)
Special Account Salary/Insurance Increase Account--State Revolving Account	
Appropriation.....	<u>(\$14,100,000)</u>
<b>TOTAL APPROPRIATION</b>	<b><u>((-\$24,100,000))</u></b>

The appropriations for state agencies are subject to the following conditions and limitations:

(1) Appropriations are adjusted to reflect changes to agency appropriations to reflect savings resulting from Washington management services and exempt management services reductions provided in section 2 of Engrossed Substitute Senate Bill No. 6503 (closing state agencies on specified dates): The office of financial management shall update agency appropriations schedules to reflect the changes to funding levels in this section as identified by agency and fund in LEAP documents TL1 - 2010 dated April 10, 2010. If the bill is not enacted by June 30, 2010, the appropriation reductions provided in this section shall lapse. To facilitate the transfer of moneys from dedicated funds and accounts, the state treasurer is directed to transfer sufficient moneys from each dedicated fund or account to the special account retirement contribution increase revolving account in accordance with schedules provided by the office of financial management.

(2) Appropriations in this act reflect reduced appropriations resulting from the enactment of section 3 of Engrossed Substitute Senate Bill No. 6503.

**NEW SECTION. Sec. 709.** A new section is added to 2009 c 564 (uncodified) to read as follows:

**FOR SUNDAY CLAIMS.** The following sums, or so much thereof as may be necessary, are appropriated from the general fund, unless otherwise indicated, for relief of various individuals, firms, and corporations for sundry claims. These appropriations are to be disbursed on vouchers approved by the director of financial management, except as otherwise provided, as follows:

(1) Reimbursement of criminal defendants acquitted on the basis of self-defense, pursuant to RCW 9A.16.110:

- (a) Gerald S. Morrow, claim number 99970006 ..... \$20,567
- (b) Darrell R. Baumgart, claim number 99970007 ..... \$4,528
- (c) William Davis, claim number 99970008 ..... \$8,093
- (d) Gene T. Strader, claim number 99970009 ..... \$33,875
- (e) Cecilio Cortez, claim number 99970012 ..... \$17,055
- (f) Alexander D. Coble, claim number 99970013 ..... \$302,110
- (g) James W. Jolly, claim number 99970017 ..... \$28,884
- (h) James Jay Olsen, claim number 99970018 ..... \$97,220
- (i) Todd E. Miller, claim number 99970019 ..... \$6,957
- (j) Sean S. DeHart, claim number 99970021 ..... \$52,062
- (k) Thomas L. Raglin, Jr., claim number 99970022 ..... \$4,360
- (l) Matthew Smitham, claim number 99970016 ..... \$8,100
- (m) John R. Frederick, claim number 99970020 ..... \$7,719
- (n) Justin C. Federmeyer, claim number 99970023 ..... \$29,728
- (o) David R. Palmer, claim number 99970024 ..... \$4,250
- (p) Ian K. Berghoffer, claim number 99970026 ..... \$33,455
- (q) Darryl L. Koenen, claim number 99970027 ..... \$23,077
- (r) Lee J. Stites, claim number 99970028 ..... \$7,502
- (s) Bobby G. Ewing, claim number 99970029 ..... \$51,093

(2) Payment of death benefit, pursuant to RCW 41.04.017: Estate of Erik Anderson, claim number 99970014 ..... \$150,000

**NEW SECTION. Sec. 710.** A new section is added to 2009 c 564 (uncodified) to read as follows:

**STRATEGIC PRINTING STRATEGY.** (1) The office of financial management shall work with the appropriate state agencies to generate savings of \$1,500,000 from the state general fund that can arise from a strategic printing strategy. From appropriations in this act, the office of financial management shall reduce general fund--state allotments by \$1,500,000 for fiscal year 2011 to reflect the savings from the strategic printing strategy. The allotment reductions shall be placed in unallotted status and remain unexpended.

(2) The office of financial management, with the assistance of the department of information services and the department of printing, shall conduct an analysis of the state's printing processes to identify the most reasonable strategies of attaining a statewide

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savings target of \$1,500,000 without affecting direct program activities. The strategies shall include, but not be limited to, standardizing envelopes, utilizing print management, and streamlining processes. Pursuant to RCW 41.06.142(3), the strategies shall also include, on the approval of the office of financial management, pilot projects to authorize state agencies and institutions to directly acquire printing services. The analysis shall identify savings by agency and fund that will result from the implementation of a strategic printing strategy. The results of this analysis shall then be provided to the director of financial management and appropriate legislative committees by July 1, 2010. The director shall use the analysis as the basis to achieve the savings identified in subsection (1) of this section.

**NEW SECTION. Sec. 711.** A new section is added to 2009 c 564 (uncodified) to read as follows:

**INFORMATION TECHNOLOGY.** Pursuant to section 11, chapter 282, Laws of 2010 (state government technology use), the office of financial management shall work with the appropriate state agencies to generate savings of \$30,000,000 from technology efficiencies from the state general fund. From appropriations in this act, the office of financial management shall reduce general fund--state allotments by \$30,000,000 for fiscal year 2011. The office of financial management shall, utilizing existing fund balance, reduce the data processing revolving account rates in an amount to reflect up to half of the reductions identified in this section. The allotment reductions shall be placed in unallotted status and remain unexpended. Nothing in this section is intended to impact revenue collection efforts by the department of revenue.

**NEW SECTION. Sec. 712.** A new section is added to 2009 c 564 (uncodified) to read as follows:

**FOR THE OFFICE OF FINANCIAL MANAGEMENT--EXTRAORDINARY CRIMINAL JUSTICE COSTS**

General Fund--State Appropriation (FY 2010) .....\$620,000

The appropriation in this section is subject to the following conditions and limitations: The director of financial management shall distribute funds to Jefferson county (\$197,000), Skagit county (\$390,000), and Franklin county (\$33,000) for extraordinary criminal justice costs.

**Sec. 713.** 2009 c 564 s 720 (uncodified) is amended to read as follows:

**FOR THE OFFICE OF FINANCIAL MANAGEMENT--CONTRIBUTIONS TO RETIREMENT SYSTEMS**

((General Fund--State Appropriation (FY 2010).....\$400,000

General Fund--State Appropriation (FY 2011) .....\$400,000

Special Account Retirement System Contribution

— Increase Revolving Account Appropriation.....\$1,000,000

— TOTAL APPROPRIATION .....\$1,800,000

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

(1) The) Appropriations in this ((section are provided solely to increase)) act include agency and institution appropriations and public school funding allocations to reflect increased employer contribution rates in the public employees' retirement system and the school employees' retirement system as a result of the provisions of Substitute Senate Bill No. 6157 (calculating compensation for public retirement purposes). ((If the bill is not enacted by June 30, 2009, the amounts provided in this section shall lapse.

(2) To facilitate the transfer of moneys to dedicated funds and accounts, the state treasurer shall transfer sufficient moneys to each dedicated fund or account from the special account retirement contribution increase revolving account in accordance with schedules provided by the office of financial management.))

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**NEW SECTION. Sec. 714.** A new section is added to 2009 c 564 (uncodified) to read as follows:

**FOR THE OFFICE OF FINANCIAL MANAGEMENT--OPPORTUNITY EXPRESS ACCOUNT**

General Fund--State Appropriation (FY 2011) .....\$18,556,000

The appropriation in this section is provided solely for expenditure into the opportunity express account--state.

**Sec. 715.** 2010 c 247 s 502 (uncodified) is amended to read as follows:

**FOR THE OFFICE OF FINANCIAL MANAGEMENT--REVISED EMPLOYER HEALTH BENEFIT RATES**

Aeronautics Account--State.....	(((\$3,000)))
	\$10,000
State Patrol Highway Account--State.....	(((\$618,000)))
	\$1,877,000
Motorcycle Safety Education Account--State.....	(((\$2,000)))
	\$5,000
High Occupancy Toll Lanes Operations Account--State ..(((\$2,000)))	
	\$5,000
Rural Arterial Trust Account--State.....	(((\$2,000)))
	\$5,000
Wildlife Account--State.....	(((\$2,000)))
	\$5,000
Highway Safety Account--State ..(((\$261,000)))	
	\$791,000
Highway Safety Account--Federal ..(((\$6,000)))	
	\$19,000
Motor Vehicle Account--State ..(((\$1,076,000)))	
	\$3,262,000
Puget Sound Ferry Operations Account--State.....(((\$527,000)))	
	\$1,601,000
Urban Arterial Trust Account--State ..(((\$2,000)))	
	\$5,000
Transportation Improvement Account--State ..(((\$2,000)))	
	\$5,000
County Arterial Preservation Account--State ..(((\$2,000)))	
	\$5,000
Department of Licensing Services Account--State.....(((\$3,000)))	
	\$10,000
Multimodal Transportation Account--State.....(((\$13,000)))	
	\$39,000
Tacoma Narrows Toll Bridge Account--State ..(((\$3,000)))	
	\$10,000

Appropriations are adjusted to reflect changes to appropriations to reflect changes in the employer cost of providing health benefit coverage. The office of financial management shall update agency appropriations schedules to reflect the changes in funding levels in this section as identified by agency and fund in LEAP transportation document GLB-2010A. From the applicable accounts, the office of financial management shall adjust allotments to the respective agencies by an amount that conforms with funding adjustments enacted in the 2010 supplemental omnibus operating appropriations act. Any allotment reductions under this section must be placed in reserve status and remain unexpended.

**NEW SECTION. Sec. 716.** A new section is added to 2009 c 564 (uncodified) to read as follows:

**FOR THE DEPARTMENT OF TRANSPORTATION--NATIONAL POLLUTION DISCHARGE ELIMINATION SYSTEM PERMIT COMPLIANCE**

Motor Vehicle Account--State Appropriation .....\$2,425,000

The appropriation in this section is subject to the following conditions and limitations: The motor vehicle account appropriation is provided solely for the department of transportation

program delivery management and support program's compliance with its national pollution discharge elimination system permit. The department's work may include the competition of system development, reporting, and planning to meet deadlines in the current biennium.

**NEW SECTION. Sec. 717.** A new section is added to 2009 c 564 (uncodified) to read as follows:

**FOR THE OFFICE OF FINANCIAL MANAGEMENT--AGENCY REALLOCATION AND REALIGNMENT COMMISSION**

General Fund--State Appropriation (FY 2011) .....\$250,000

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

(1) The agency reallocation and realignment of Washington (ARROW) commission on restructuring state government is established, with members as provided in this section.

(a) The governor, the president of the senate, and the speaker of the house of representatives shall each appoint two members to the commission, each of whom shall have broad statewide policy and fiscal experience. Each appointing authority shall appoint a member to replace any member who resigns.

(b) The commission shall choose its chair from among its membership or may select a representative of the administering higher education institution as chair. The president of the senate and the speaker of the house, or their mutually selected designee, shall convene the initial meeting of the commission and shall preside until a chair is chosen.

(2) The commission shall:

(a) Review budget, revenue, and caseload forecasts and estimates over the ensuing six-year period;

(b) Examine current operations and organization of state government, assuming no expansion of current funding sources; and

(c) Evaluate operational and organizational restructuring possibilities to find cost savings and efficiencies in order to maintain or enhance governmental functions with fewer resources.

(3) The commission may make proposals to:

(a) Adopt methods and procedures for reducing expenditures to the lowest amount consistent with the efficient performance of essential services, activities, and functions;

(b) Eliminate duplication and overlapping of services, activities, and functions, and time-consuming or wasteful practices;

(c) Consolidate services, activities, and functions of a similar nature;

(d) Abolish services, activities, and functions to improve the efficient operation of government;

(e) Eliminate state departments and agencies, create new state departments and agencies, reorganize existing state departments and agencies, and transfer functions and responsibilities among state departments and agencies;

(f) Define or redefine the duties and responsibilities of state officers; and

(g) Revise present provisions for continuing appropriations of state funds of whatever kind for whatever purpose, eliminate any such existing provisions, or adopt new provisions.

(4) Staffing and administrative support to the commission shall be provided by a university or college that volunteers to do so.

(5) Commissioners are entitled to be reimbursed for travel expenses in accordance with RCW 43.03.050 and 43.03.060 from funds appropriated to the commission.

(6) The expenses of the commission shall be paid out of funds appropriated to the commission, funds made available by the university or college administering the commission, and gifts, grants, and donations.

(7) The commission shall report its findings and recommendations, including proposed legislation, to the appropriate committees of the legislature. Recommendations may be in bill

form as proposed legislation, as appropriations or revenue proposals, revisions to administrative rules, or other appropriate formats.

(8) The office of the code reviser shall assist the commission with bill drafting as needed.

(9) This section expires June 30, 2011.

(End of part)

**PART VIII  
OTHER TRANSFERS AND APPROPRIATIONS**

**Sec. 801.** 2009 c 564 s 801 (uncodified) is amended to read as follows:

**FOR THE STATE TREASURER--STATE REVENUES FOR DISTRIBUTION**

General Fund Appropriation for fire insurance premium distributions .....	(((\$8,268,000)))
	<u>\$7,572,000</u>
General Fund Appropriation for public utility district excise tax distributions .....	(((\$48,771,000)))
	<u>\$47,342,000</u>
General Fund Appropriation for prosecuting attorney distributions.....	\$6,281,000
General Fund Appropriation for boating safety and education distributions .....	\$4,854,000
General Fund Appropriation for other tax distributions.....	\$50,000
General Fund Appropriation for habitat conservation program distributions .....	\$3,000,000
Death Investigations Account Appropriation for distribution to counties for publicly funded autopsies.....	\$2,544,000
Aquatic Lands Enhancement Account Appropriation for harbor improvement revenue distribution .....	\$170,000
Timber Tax Distribution Account Appropriation for distribution to "timber" counties .....	(((\$69,288,000)))
	<u>\$36,651,000</u>
County Criminal Justice Assistance Appropriation..(((\$66,374,000)))	<u>\$68,528,000</u>
Municipal Criminal Justice Assistance Appropriation .....	(((\$25,622,000)))
	<u>\$27,175,000</u>
City-County Assistance Account Appropriation for local government financial assistance distribution .....	(((\$28,564,000)))
	<u>\$27,366,000</u>
Liquor Excise Tax Account Appropriation for liquor excise tax distribution.....	(((\$50,950,000)))
	<u>\$58,268,000</u>
Streamline Sales and Use Tax Account Appropriation for distribution to local taxing jurisdictions to mitigate the unintended revenue redistribution effect of the sourcing law changes .....	(((\$65,038,000)))
	<u>\$50,056,000</u>
Columbia River Water Delivery Account Appropriation for the Confederated Tribes of the Colville Reservation .(((\$7,308,000)))	<u>\$7,315,000</u>
Columbia River Water Delivery Account Appropriation for the Spokane Tribe of Indians .....	(((\$4,676,000)))
	<u>\$4,644,000</u>
Liquor Revolving Account Appropriation for liquor profits distribution .....	(((\$80,435,000)))
	<u>\$68,741,000</u>
Liquor Revolving Account Appropriation for additional liquor profits distribution to local governments .....	\$18,677,000
.....TOTAL APPROPRIATION .....	(((\$490,870,000)))

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\$439,234,000

The total expenditures from the state treasury under the appropriations in this section shall not exceed the funds available under statutory distributions for the stated purposes.

**NEW SECTION. Sec. 802.** A new section is added to 2009 c 564 (uncodified) to read as follows:

**FOR THE STATE TREASURER--TRANSFERS.** If the forecast adopted by the state economic and revenue forecast council in March 2011 anticipates that less than one hundred thirteen million five hundred thousand dollars of state lottery revenue will be deposited into the opportunity pathways account in fiscal year 2011, the state treasurer shall transfer sufficient funds from the state general fund to the opportunity pathways account to assure that deposits into the opportunity pathways account total one hundred thirteen million five hundred thousand dollars in fiscal year 2011.

**Sec. 803.** 2009 c 564 s 805 (uncodified) is amended to read as follows:

**FOR THE STATE TREASURER--TRANSFERS**

State Treasurer's Service Account: For transfer to the state general fund, ((\$10,400,000)) \$16,400,000 for fiscal year 2010 and ((\$10,400,000)) \$16,400,000 for fiscal year 2011 .....((\$20,800,000)) \$32,800,000

Waste Reduction, Recycling and Litter Control Account: For transfer to the state general fund, ((\$2,000,000)) \$3,000,000 for fiscal year 2010 and ((\$2,000,000)) \$3,000,000 for fiscal year 2011 .....((\$4,000,000)) \$6,000,000

State Toxics Control Account: For transfer to the state general fund, \$15,340,000 for fiscal year 2010 and ((\$14,400,000)) \$17,780,000 for fiscal year 2011 .....((\$29,740,000)) \$33,120,000

Local Toxics Control Account: For transfer to the state general fund, \$37,060,000 for fiscal year 2010 and ((\$36,000,000)) \$48,759,000 for fiscal year 2011 .....((\$73,060,000)) \$85,819,000

Education Construction Account: For transfer to the state general fund, ((\$93,362,000)) \$105,228,000 for fiscal year 2010 and ((\$100,401,000)) \$106,451,000 for fiscal year 2011 .....((\$193,763,000)) \$211,679,000

Aquatics Lands Enhancement Account: For transfer to the state general fund, ((\$5,050,000)) \$8,520,000 for fiscal year 2010 and \$5,050,000 for fiscal year 2011 .....((\$10,100,000)) \$13,570,000

Drinking Water Assistance Account: For transfer to the drinking water assistance repayment account .....\$28,600,000

Economic Development Strategic Reserve Account: For transfer to the state general fund, \$2,500,000 for fiscal year 2010 and \$2,500,000 for fiscal year 2011 .....\$5,000,000

Tobacco Settlement Account: For transfer to the state general fund, in an amount not to exceed by more than ((\$26,000,000)) \$42,200,000 the actual amount of the annual payment to the tobacco settlement account .....((\$204,098,000)) \$220,298,000

Tobacco Settlement Account: For transfer to the life sciences discovery fund, in an amount not to exceed ((\$26,000,000)) \$42,200,000 less than the actual amount of the strategic contribution supplemental payment to the tobacco settlement account .....((\$39,170,000))

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\$22,970,000

General Fund: For transfer to the streamline sales and use tax account, ((\$31,447,000)) \$24,274,000 for fiscal year 2010 and ((\$33,591,000)) 24,182,000 for fiscal year 2011 .....((\$65,038,000)) \$48,456,000

State Convention and Trade Center Account: For transfer to the state convention and trade center operations account, \$1,000,000 for fiscal year 2010 and \$3,100,000 for fiscal year 2011 .....\$4,100,000

Tobacco Prevention and Control Account: For transfer to the state general fund for fiscal year 2010 .....\$1,961,000

Nisqually Earthquake Account: For transfer to the disaster response account for fiscal year 2010 .....\$500,000

Judicial Information Systems Account: For transfer to the state general fund, ((\$2,500,000)) \$3,250,000 for fiscal year 2010 and ((\$2,500,000)) \$3,250,000 for fiscal year 2011 .....((\$5,000,000)) \$6,500,000

Department of Retirement Systems Expense Account: For transfer to the state general fund, \$1,000,000 for fiscal year 2010 and \$1,500,000 for fiscal year 2011 .....((\$1,500,000)) \$2,500,000

State Emergency Water Projects Account: For transfer to the state general fund, \$390,000 for fiscal year 2011 .....\$390,000

The Charitable, Educational, Penal, and Reformatory Institutions Account: For transfer to the state general fund, \$5,550,000 for fiscal year 2010 and \$5,550,000 for fiscal year 2011 .....\$11,100,000

Energy Freedom Account: For transfer to the state general fund, ((\$2,978,000)) \$4,038,000 for fiscal year 2010 and \$2,978,000 for fiscal year 2011 .....((\$5,956,000)) \$7,016,000

Thurston County Capital Facilities Account: For transfer to the state general fund, ((\$4,194,000)) \$8,604,000 for fiscal year 2010 and ((\$4,194,000)) \$5,538,000 for fiscal year 2011 .....((\$8,388,000)) \$14,142,000

Public Works Assistance Account: For transfer to the state general fund, ((\$184,000,000)) \$279,640,000 for fiscal year 2010 and ((\$184,000,000)) \$229,560,000 for fiscal year 2011 .....((\$368,000,000)) \$509,200,000

Budget Stabilization Account: For transfer to the state general fund for fiscal year 2010 .....\$45,130,000

Budget Stabilization Account: For transfer to the state general fund for fiscal year 2010 if House Bill No. 3197 is not enacted by June 30, 2010 .....\$95,986,000

Liquor Revolving Account: For transfer to the state general fund, \$31,000,000 for fiscal year 2010 and ((\$31,000,000)) \$25,500,000 for fiscal year 2011 .....((\$62,000,000)) \$56,500,000

Public Works Assistance Account: For transfer to the city-county assistance account, \$5,000,000 on July 1, 2009, and \$5,000,000 on July 1, 2010 .....\$10,000,000

Public Works Assistance Account: For transfer to the drinking water assistance account, ((\$4,000,000)) \$6,930,000 for fiscal year 2010 and \$4,000,000 for fiscal year 2011 .....((\$8,000,000)) \$10,930,000

Shared Game Lottery Account: For transfer to the education legacy trust account, \$3,600,000 for

fiscal year 2010 and \$2,400,000 for fiscal year 2011.....	\$6,000,000
<u>State Lottery Account:</u> For transfer to the education legacy trust account, \$9,500,000 for fiscal year 2010 and \$9,500,000 for fiscal year 2011.....	<u>\$19,000,000</u>
<u>College Faculty Awards Trust Fund:</u> For transfer to the state general fund for fiscal year 2010, an amount not to exceed the actual cash balance of the fund .....	<u>\$4,000,000</u>
<u>Washington Distinguished Professorship Trust Fund:</u> For transfer to the state general fund for fiscal year 2010, an amount not to exceed the actual cash balance of the fund .....	<u>\$6,000,000</u>
<u>Washington Graduate Fellowship Trust Account:</u> For transfer to the state general fund for fiscal year 2010, an amount not to exceed the actual cash balance of the fund .....	<u>\$2,000,000</u>
<u>GET Ready for Math and Science Scholarship Account:</u> For transfer to the state general fund for fiscal year 2010, an amount not to exceed the actual cash balance not comprised of or needed to match private contributions .....	<u>\$1,800,000</u>
<u>Financial Services Regulation Account:</u> For transfer to the state general fund, \$2,000,000 for fiscal year 2010 and \$2,000,000 for fiscal year 2011.....	<u>\$4,000,000</u>
<u>Data Processing Revolving Fund:</u> For transfer to the state general fund, \$5,632,000 for fiscal year 2010.....	<u>\$5,632,000</u>
<u>Public Service Revolving Account:</u> For transfer to the state general fund, \$8,000,000 for fiscal year 2010 and \$7,000,000 for fiscal year 2011.....	<u>\$15,000,000</u>
<u>Water Quality Capital Account:</u> For transfer to the state general fund, \$278,000 for fiscal year 2011.....	<u>\$278,000</u>
<u>Performance Audits of Government Account:</u> For transfer to the state general fund, \$10,000,000 for fiscal year 2010 and \$5,000,000 for fiscal year 2011.....	<u>\$15,000,000</u>
<u>Job Development Account:</u> For transfer to the state general fund, \$20,930,000 for fiscal year 2010.....	<u>\$20,930,000</u>
<u>Savings Incentive Account:</u> For transfer to the state general fund, \$10,117,000 for fiscal year 2010.....	<u>\$10,117,000</u>
<u>Education Savings Account:</u> For transfer to the state general fund, \$100,767,000 for fiscal year 2010.....	<u>\$100,767,000</u>
<u>Cleanup Settlement Account:</u> For transfer to the state efficiency and restructuring account for fiscal year 2011 .....	<u>\$39,480,000</u>
<u>Disaster Response Account:</u> For transfer to the state drought preparedness account, \$4,000,000 for fiscal year 2010.....	<u>\$4,000,000</u>
<u>Washington State Convention and Trade Center Account:</u> For transfer to the state general fund, \$10,000,000 for fiscal year 2011. The transfer in this section shall occur on June 30, 2011, only if by that date the Washington state convention and trade center is not transferred to a public facilities district pursuant to Substitute Senate Bill No. 6889 (convention and trade center).....	<u>\$10,000,000</u>
<u>Institutional Welfare/Betterment Account:</u> For transfer to the state general fund, \$2,000,000 for fiscal year 2010 and \$2,000,000 for fiscal year 2011.....	<u>\$4,000,000</u>

<u>Insurance Commissioners Regulatory Account:</u> For transfer to the state general fund, \$5,000,000 on June 30, 2010, and \$5,000,000 on June 30, 2011.....	<u>\$10,000,000</u>
<u>Future Teacher Conditional Scholarship Account:</u> For transfer to the state general fund, \$2,150,000 for fiscal year 2010 and \$2,150,000 for fiscal year 2011.....	<u>\$4,300,000</u>
<u>Fingerprint Identification Account:</u> For transfer to the state general fund, \$800,000 for fiscal year 2011.....	<u>\$800,000</u>
<u>Prevent or Reduce Owner-Occupied Foreclosure Program Account:</u> For transfer to the financial education public-private partnership account for fiscal year 2010, an amount not to exceed the actual cash balance of the fund as of June 30, 2010 .....	<u>\$300,000</u>
<b>Sec. 804.</b> 2010 c 247 s 407 (uncodified) is amended to read as follows:	
<b>FOR THE STATE TREASURER--ADMINISTRATIVE TRANSFERS</b>	
(1) Tacoma Narrows Toll Bridge Account--State Appropriation: For transfer to the Motor Vehicle Account--State .....	<u>\$5,288,000</u>
(2) Motor Vehicle Account--State Appropriation: For transfer to the Puget Sound Ferry Operations Account--State .....	<u>(((\$54,000,000)))</u>
	<u>\$54,100,000</u>
(3) Recreational Vehicle Account--State Appropriation: For transfer to the Motor Vehicle Account--State .....	<u>\$2,000,000</u>
(4) License Plate Technology Account--State Appropriation: For transfer to the Highway Safety Account--State .....	<u>\$2,750,000</u>
(5) Multimodal Transportation Account--State Appropriation: For transfer to the Puget Sound Ferry Operations Account--State .....	<u>\$9,000,000</u>
(6) Highway Safety Account--State Appropriation: For transfer to the Multimodal Transportation Account--State .....	<u>\$18,750,000</u>
(7) Department of Licensing Services Account--State Appropriation: For transfer to the Motor Vehicle Account--State .....	<u>\$1,300,000</u>
(8) Advanced Right-of-Way Account: For transfer to the Motor Vehicle Account--State .....	<u>\$14,000,000</u>
(9)((40)) State Route Number 520 Civil Penalties Account--State Appropriation: For transfer to the State Route Number 520 Corridor Account--State.....	<u>\$190,000</u>
((11)) (10) Advanced Environmental Mitigation Revolving Account--State Appropriation: For transfer to the Motor Vehicle Account--State.....	<u>\$5,000,000</u>
((12)) (11) Regional Mobility Grant Program Account--State Appropriation: For transfer to the Multimodal Transportation Account--State.....	<u>\$4,000,000</u>
((13)) (12) Motor Vehicle Account--State Appropriation: For transfer to the State Patrol Highway Account--State .....	<u>(((\$4,000,000)))</u>
	<u>\$5,600,000</u>

((14)) (13) The transfers identified in this section are subject to the following conditions and limitations:

(a) The amount transferred in subsection (1) of this section represents repayment of operating loans and reserve payments provided to the Tacoma Narrows toll bridge account from the motor vehicle account in the 2005-07 fiscal biennium. However, if Engrossed Substitute Senate Bill No. 6499 is enacted by June 30, 2010, the transfer in subsection (1) of this section shall not occur.

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(b) Any cash balance in the waste tire removal account in excess of one million dollars must be transferred to the motor vehicle account for the purpose of road wear-related maintenance on state and local public highways.

(c) The transfer in subsection ((10)) (9) of this section represents toll revenue collected from toll violations.

(End of part)

## PART IX MISCELLANEOUS

**Sec. 901.** 2010 c 3 s 601 (uncodified) is amended to read as follows:

**NEW HIRES.** (1) From the effective date of this section until July 1, 2011, state agencies of the legislative, executive, and judicial branches shall not establish new staff positions or fill vacant existing staff positions except as specifically authorized by this section.

(2) The following activities of state agencies are exempt from subsection (1) of this section:

(a) Direct custody, supervision, and patient care in corrections, juvenile rehabilitation, institutional care of veterans, the mentally ill, developmentally disabled, state hospitals, the special commitment center, and the schools for the blind and the deaf;

(b) Direct protective services to children and other vulnerable populations in the department of social and health services;

(c) Washington state patrol investigative services and field enforcement;

(d) Hazardous materials response and emergency cleanup;

(e) Emergency public health and patient safety response and the public health laboratory;

(f) Military operations and emergency management within the military department;

(g) Firefighting;

(h) Enforcement officers in the department of fish and wildlife, the liquor control board, the gambling commission, and the department of natural resources;

(i) Park rangers at the parks and recreation commission;

(j) Seasonal employment by natural resources agencies to the extent that employment levels do not exceed the prior fiscal year;

(k) Seasonal employment in the department of transportation maintenance programs to the extent that employment levels do not exceed the prior fiscal year;

(l) Employees hired on a seasonal basis by the department of agriculture for inspection and certification of agricultural products and for insect detection;

(m) Activities directly related to tax and fee collection, revenue generation, auditing, and recovery;

(n) In institutions of higher education, any positions directly related to academic programs, as well as positions not funded from state funds or tuition, positions that are filled by enrolled students at their own institution as student workers, positions in campus police and security, positions related to emergency management and response, and positions related to student health care and counseling;

(o) Operations of the state lottery and liquor control board business enterprises;

(p) The unemployment insurance program of the employment security department; and

(q) Activities that are necessary to receive or maintain federal funds by the state.

(3) The exemptions specified in subsection (2) of this section do not require the establishment of new staff positions or the filling of vacant staff positions in the activities specified.

(4) Exceptions to this section may be granted under section 605 of this act.

(5) Also exempted from this section are positions related to facility realignments in the department of corrections, positions related to the transfer of programs between state agencies assumed in this act, and disability determination staff funded solely by federal funds.

**NEW SECTION.** **Sec. 902.** A new section is added to 2009 c 564 (uncodified) to read as follows:

**AGENCY STAFFING.** (1) By July 1, 2010, all state agencies must prepare and submit to the office of financial management staffing plans for fiscal year 2011. The first plan must list, by month and by job class, the number of budgeted FTEs, salaries, and benefits for the state general fund. The second plan must list, by month and by job class, the number of budgeted FTEs, salaries, and benefits for the total of all other allotted funds. The plans must be submitted at the same organizational level of detail as funds are appropriated to the agency. Agency allotments and staffing plans submitted to the office of financial management must be consistent.

(2) Agencies may only allot FTEs to the extent that the funding allotment contains sufficient funding to fully support those positions. To the extent that allotted FTEs would exceed available funding to support those positions, agencies shall request that the office of financial management revise their full-time equivalent staff allotment to the funded level; legislative and judicial agencies shall report the revised level to the office of financial management. The office of financial management shall summarize, by agency, the changes made under this subsection and provide that information to the appropriate fiscal committees of the legislature by October 1, 2010.

(3) Each agency shall report to the office of financial management the number of FTEs filled, by job class, as of July 1, 2010. The information must be provided at the same level of detail as is contained in the staffing plan. For any positions that are vacant on that date, the agency shall list the date that position was last filled. The office of financial management shall summarize information provided under this subsection and report to the appropriate fiscal committees of the legislature by October 1, 2010.

**NEW SECTION.** **Sec. 903.** A new section is added to 2009 c 564 (uncodified) to read as follows:

**STATE HOUSING FINANCE COMMISSION--FORECLOSURE REVIEW.** In an effort to reduce the number of residential foreclosures while protecting the interests of both borrowers and beneficiaries, the state housing finance commission shall conduct a review of the effectiveness of RCW 61.24.031, which requires a beneficiary or authorized agent to contact the borrower before issuing a notice of default for the purposes of assessing the borrower's financial ability to repay the debt and discussing alternatives to foreclosure. The commission's review of the process shall, at a minimum, examine whether the contact requirement has resulted in an increase in the number of loan modifications and whether additional statutory provisions, such as mandatory mediation, are needed to produce effective communication between beneficiaries and borrowers. The state housing finance commission shall report its findings and any recommendations for legislation to the appropriate committees of the legislature by November 30, 2010.

**NEW SECTION.** **Sec. 904.** A new section is added to 2009 c 564 (uncodified) to read as follows:

**COLLECTIVE BARGAINING AGREEMENT--WSRCC ADULT FAMILY HOME PROVIDERS.** Appropriations in this act reflect the collective bargaining agreement reached between the governor and the Washington state residential care council of adult family homes under the provisions of chapter 41.56 RCW.

**NEW SECTION.** **Sec. 905.** A new section is added to 2009 c 564 (uncodified) to read as follows:



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likely benefit from the evaluation or review. The performance audit shall be conducted using generally accepted government auditing standards and may include an evaluation of: (a) Ways to improve performance, streamline operations, and provide cost-effective service to citizens; (b) programs and services that can be eliminated, reduced, consolidated, or enhanced; and (c) gaps and overlaps in the programs and services and recommendations for improving, eliminating, blending, or separating functions to correct gaps or overlaps.

(4) The state auditor must select at least one of the lowest priority activities identified in subsection (2) of this section to be the subject of an activity assessment. The assessment must address the following questions:

(a) Does the activity continue to serve the purpose for which it was created?

(b) In comparison to other programs and priorities, does this purpose continue to merit the use of the state's limited resources?

(c) Does this activity continue to contribute to the priorities of government identified?

(d) Are there better alternatives for the use of these resources or to accomplish the objective of the activity?

(5) The performance audits conducted under subsection (3) of this section and the assessments under subsection (4) of this section must be completed by June 30, 2011.

**Sec. 910.** RCW 13.06.050 and 1993 c 415 s 7 are each amended to read as follows:

No county shall be entitled to receive any state funds provided by this chapter until its application and plan are approved, and unless and until the minimum standards prescribed by the department of social and health services are complied with and then only on such terms as are set forth in this section. In addition, any county making application for state funds under this chapter that also operates a juvenile detention facility must have standards of operations in place that include: Intake and admissions, medical and health care, communication, correspondence, visiting and telephone use, security and control, sanitation and hygiene, juvenile rights, rules and discipline, property, juvenile records, safety and emergency procedures, programming, release and transfer, training and staff development, and food service.

(1) For the 2009-2011 fiscal biennium, the distribution of funds to a county or a group of counties ((shall)) may be based on criteria including but not limited to the county's per capita income, regional or county at-risk populations, juvenile crime or arrest rates, rates of poverty, size of racial minority populations, existing programs, and the effectiveness and efficiency of consolidating local programs towards reducing commitments to state correctional facilities for offenders whose standard range disposition does not include commitment of the offender to the department and reducing reliance on other traditional departmental services.

(2) The secretary will reimburse a county upon presentation and approval of a valid claim pursuant to the provisions of this chapter based on actual performance in meeting the terms and conditions of the approved plan and contract. Funds received by participating counties under this chapter shall not be used to replace local funds for existing programs.

(3) The secretary, in conjunction with the human rights commission, shall evaluate the effectiveness of programs funded under this chapter in reducing racial disproportionality. The secretary shall investigate whether implementation of such programs has reduced disproportionality in counties with initially high levels of disproportionality. The analysis shall indicate which programs are cost-effective in reducing disproportionality in such areas as alternatives to detention, intake and risk assessment standards pursuant to RCW 13.40.038, alternatives to incarceration, and in the prosecution and adjudication of juveniles. The secretary

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shall report his or her findings to the legislature by December 1, 1994, and December 1 of each year thereafter.

**NEW SECTION.** **Sec. 911.** A new section is added to 2009 c 564 (uncodified) to read as follows:

(1) Except for the activities and organizations provided in subsection (2) of this section, all small agencies with fewer than 176 FTEs shall utilize the office of financial management small agency client services for budget, accounting, and payroll services. The director of financial management shall define the transition process and specific agency requirements.

(2) The following activities and organizations are not subject to the requirements of subsection (1) of this section:

(a) The processing of invoices and budgeting provided for conservation districts by agencies established under chapters 89.08 and 89.10 RCW;

(b) The accounting requirements of the state housing finance commission and its affiliates established under chapters 43.180, 28B.07, and 43.340 RCW; and

(c) The accounting requirements of the health care facilities authority established under chapter 70.37 RCW, and the economic development finance authority established under chapter 43.163 RCW.

**Sec. 912.** RCW 15.76.115 and 2001 2nd sp.s. c 16 s 1 are each amended to read as follows:

The fair fund is created in the custody of the state treasury. All moneys received by the department of agriculture for the purposes of this fund and from RCW 67.16.105(4) shall be deposited into the fund. At the beginning of fiscal year 2002 and each fiscal year thereafter, the state treasurer shall transfer into the fair fund from the general fund the sum of two million dollars, except for fiscal year 2011 the state treasurer shall transfer into the fair fund from the general fund the sum of one million one hundred three thousand dollars. Expenditures from the fund may be used only for assisting fairs in the manner provided in this chapter. Only the director of agriculture or the director's designee may authorize expenditures from the fund. The fund is subject to allotment procedures under chapter 43.88 RCW, but no appropriation is required for expenditures.

**Sec. 913.** RCW 28A.300.380 and 2000 c 84 s 2 are each amended to read as follows:

(1) The superintendent of public instruction shall maintain support for statewide coordination for career and technical student organizations by providing program staff support that is available to assist in meeting the needs of career and technical student organizations and their members and students. ((The superintendent shall provide at least one full time equivalent program staff for purposes of implementing this section.)) The superintendent may provide additional support to the organizations through contracting with independent coordinators.

(2) Career and technical student organizations eligible for technical assistance and other support services under this section are organizations recognized as career and technical student organizations by:

(a) The United States department of education; or

(b) The superintendent of public instruction, if such recognition is recommended by the Washington association for career and technical education.

(3) Career and technical student organizations eligible for technical assistance and other support services under this section include, but are not limited to: The national FFA organization; family, career, and community leaders of America; skillsUSA; distributive education clubs of America; future business leaders of America; and the technology student association.

**Sec. 914.** RCW 28B.50.837 and 2009 c 564 s 1803 are each amended to read as follows:

(1) The Washington community and technical college exceptional faculty awards program is established. The program shall be administered by the college board. The college faculty awards trust fund hereby created shall be administered by the state treasurer.

(2) Funds appropriated by the legislature for the community and technical college exceptional faculty awards program shall be deposited in the college faculty awards trust fund. At the request of the college board, the treasurer shall release the state matching funds to the local endowment fund of the college or its foundation. No appropriation is necessary for the expenditure of moneys from the fund. Expenditures from the fund may be used solely for the exceptional faculty awards program. During the ((2007-2009)) 2009-2011 fiscal biennium, the legislature may transfer from the college faculty awards trust fund to the state general fund such amounts as reflect the excess fund balance in the account ((fund)).

**Sec. 915.** RCW 28B.76.565 and 2009 c 564 s 1805 are each amended to read as follows:

Funds appropriated by the legislature for the distinguished professorship program shall be deposited in the distinguished professorship trust fund. At the request of the higher education coordinating board under RCW 28B.76.575, the treasurer shall release the state matching funds to the designated institution's local endowment fund. No appropriation is required for expenditures from the fund. During the ((2007-2009)) 2009-2011 fiscal biennium, the legislature may transfer from the distinguished professorship trust fund to the state general fund such amounts as reflect the excess fund balance in the account ((fund)).

**Sec. 916.** RCW 28B.76.610 and 2009 c 564 s 1806 are each amended to read as follows:

Funds appropriated by the legislature for the graduate fellowship program shall be deposited in the graduate fellowship trust fund. At the request of the higher education coordinating board under RCW 28B.76.620, the treasurer shall release the state matching funds to the designated institution's local endowment fund. No appropriation is required for expenditures from the fund. During the ((2007-2009)) 2009-2011 fiscal biennium, the legislature may transfer from the graduate fellowship trust fund to the state general fund such amounts as reflect the excess fund balance in the account ((fund)).

**Sec. 917.** RCW 28B.102.080 and 2007 c 396 s 9 are each amended to read as follows:

(1) The future teachers conditional scholarship account is created in the custody of the state treasurer. An appropriation is not required for expenditures of funds from the account. The account is not subject to allotment procedures under chapter 43.88 RCW except for moneys used for program administration.

(2) The board shall deposit in the account all moneys received for the future teachers conditional scholarship and loan repayment program and for conditional loan programs under chapter 28A.660 RCW. The account shall be self-sustaining and consist of funds appropriated by the legislature for the future teachers conditional scholarship and loan repayment program, private contributions to the program, receipts from participant repayments from the future teachers conditional scholarship and loan repayment program, and conditional loan programs established under chapter 28A.660 RCW. Beginning July 1, 2004, the board shall also deposit into the account: (a) All funds from the institution of higher education loan account that are traceable to any conditional scholarship program for teachers or prospective teachers established by the legislature before June 10, 2004; and (b) all amounts repaid by individuals under any such program.

(3) Expenditures from the account may be used solely for conditional loans and loan repayments to participants in the future teachers conditional scholarship and loan repayment program established by this chapter, conditional scholarships for participants

in programs established in chapter 28A.660 RCW, and costs associated with program administration by the board.

(4) Disbursements from the account may be made only on the authorization of the board.

(5) During the 2009-2011 fiscal biennium, the legislature may transfer from the future teachers conditional scholarship account to the state general fund such amounts as reflect the excess fund balance of the account.

**Sec. 918.** RCW 28B.105.110 and 2009 c 564 s 1807 and 2009 c 564 s 920 are each reenacted and amended to read as follows:

(1) The GET ready for math and science scholarship account is created in the custody of the state treasurer.

(2) The board shall deposit into the account all money received for the GET ready for math and science scholarship program from appropriations and private sources. The account shall be self-sustaining.

(3) Expenditures from the account shall be used for scholarships to eligible students and for purchases of GET units. Purchased GET units shall be owned and held in trust by the board. Expenditures from the account shall be an equal match of state appropriations and private funds raised by the program administrator. During the 2009-2011 fiscal biennium, expenditures from the account not to exceed five percent may be used by the program administrator to carry out the provisions of RCW 28B.105.090.

(4) With the exception of the operating costs associated with the management of the account by the treasurer's office as authorized in chapter 43.79A RCW, the account shall be credited with all investment income earned by the account.

(5) Disbursements from the account are exempt from appropriations and the allotment provisions of chapter 43.88 RCW.

(6) Disbursements from the account shall be made only on the authorization of the board.

(7) During the 2007-2009 fiscal biennium, the legislature may transfer state appropriations to the GET ready for math and science scholarship account that have not been matched by private contributions to the state general fund.

(8) During the 2009-2011 fiscal biennium, the legislature may transfer from the GET ready for math and science scholarship account to the state general fund such amounts as have not been donated from or matched by private contributions.

**Sec. 919.** RCW 38.52.105 and 2005 c 422 s 2 are each amended to read as follows:

The disaster response account is created in the state treasury. Moneys may be placed in the account from legislative appropriations and transfers, federal appropriations, or any other lawful source. Moneys in the account may be spent only after appropriation. Expenditures from the account may be used only for support of state agency and local government disaster response and recovery efforts and to reimburse the workers' compensation funds and self-insured employers under RCW 51.16.220. ((During the 2001-03 biennium, funds from the account may also be used for costs associated with national security preparedness activities.)) During the 2009-2011 fiscal biennium, the legislature may transfer from the disaster response account to the state drought preparedness account such amounts as reflect the excess fund balance of the account to support expenditures related to a state drought declaration.

**Sec. 920.** RCW 43.17.390 and 2009 c 564 s 931 are each amended to read as follows:

Starting ((in 2012)) June 30, 2010, and at least once every three years thereafter, each agency with more than three hundred full-time equivalent employees shall apply to the Washington state quality award, or similar organization, for an independent assessment of its quality management, accountability, and performance system. The assessment shall evaluate the effectiveness of all elements of its

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management, accountability, and performance system, including: Leadership, strategic planning, customer focus, analysis and information, employee performance management, and process improvement. The purpose of the assessment is to recognize best practice and identify improvement opportunities.

**Sec. 921.** RCW 43.20A.725 and 2004 c 254 s 1 are each amended to read as follows:

(1) The department, through the sole authority of the office or its successor organization, shall maintain a program whereby an individual of school age or older who possesses a hearing or speech impairment is provided with telecommunications equipment, software, and/or peripheral devices, digital or otherwise, that is determined by the office to be necessary for such a person to access and use telecommunications transmission services effectively.

(2) The department, through the sole authority of the office or its successor organization, shall maintain a program where telecommunications relay services of a human or electronic nature will be provided to connect hearing impaired, deaf-blind, or speech impaired persons with persons who do not have a hearing or speech impairment. Such telecommunications relay services shall provide the ability for an individual who has a hearing or speech impairment to engage in voice, tactile, or visual communication by wire or radio with a hearing individual in a manner that is functionally equivalent to the ability of an individual who does not have a hearing or speech impairment to communicate using voice or visual communication services by wire or radio subject to subsection (4)(b) of this section.

(3) The telecommunications relay service and equipment distribution program may operate in such a manner as to provide communications transmission opportunities that are capable of incorporating new technologies that have demonstrated benefits consistent with the intent of this chapter and are in the best interests of the citizens of this state.

(4) The office shall administer and control the award of money to all parties incurring costs in implementing and maintaining telecommunications services, programs, equipment, and technical support services according to this section. The relay service contract shall be awarded to an individual company registered as a telecommunications company by the utilities and transportation commission, to a group of registered telecommunications companies, or to any other company or organization determined by the office as qualified to provide relay services, contingent upon that company or organization being approved as a registered telecommunications company prior to final contract approval. The relay system providers and telecommunications equipment vendors shall be selected on the basis of cost-effectiveness and utility to the greatest extent possible under the program and technical specifications established by the office.

(a) To the extent funds are available under the then-current rate and not otherwise held in reserve or required for other purposes authorized by this chapter, the office may award contracts for communications and related services and equipment for hearing impaired or speech impaired individuals accessing or receiving services provided by, or contracted for, the department to meet access obligations under Title 2 of the federal Americans with disabilities act or related federal regulations.

(b) The office shall perform its duties under this section with the goal of achieving functional equivalency of access to and use of telecommunications services similar to the enjoyment of access to and use of such services experienced by an individual who does not have a hearing or speech impairment only to the extent that funds are available under the then-current rate and not otherwise held in reserve or required for other purposes authorized by this chapter.

(5) The program shall be funded by a telecommunications relay service (TRS) excise tax applied to each switched access line provided by the local exchange companies. The office shall

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determine, in consultation with the office's program advisory committee, the budget needed to fund the program on an annual basis, including both operational costs and a reasonable amount for capital improvements such as equipment upgrade and replacement. The budget proposed by the office, together with documentation and supporting materials, shall be submitted to the office of financial management for review and approval. The approved budget shall be given by the department in an annual budget to the department of revenue no later than March 1st prior to the beginning of the fiscal year. The department of revenue shall then determine the amount of telecommunications relay service excise tax to be placed on each switched access line and shall inform local exchange companies and the utilities and transportation commission of this amount no later than May 1st. The department of revenue shall determine the amount of telecommunications relay service excise tax to be collected in the following fiscal year by dividing the total of the program budget, as submitted by the office, by the total number of switched access lines in the prior calendar year, as reported to the department of revenue under chapter 82.14B RCW, and shall not exercise any further oversight of the program under this subsection other than administering the collection of the telecommunications relay service excise tax as provided in RCW 82.72.010 through 82.72.090. The telecommunications relay service excise tax shall not exceed nineteen cents per month per access line. The telecommunications relay service excise tax shall be separately identified on each ratepayer's bill with the following statement: "Funds federal ADA requirement." All proceeds from the telecommunications relay service excise tax shall be put into a fund to be administered by the office through the department. During the 2009-2011 fiscal biennium, the funds may also be used to provide individualized employment services and employment-related counseling to people with disabilities, and technical assistance to employers about the employment of people with disabilities. "Switched access line" has the meaning provided in RCW 82.14B.020.

(6) The telecommunications relay service program and equipment vendors shall provide services and equipment consistent with the requirements of federal law for the operation of both interstate and intrastate telecommunications services for the hearing impaired or speech impaired. The department and the utilities and transportation commission shall be responsible for ensuring compliance with federal requirements and shall provide timely notice to the legislature of any legislation that may be required to accomplish compliance.

(7) The department shall adopt rules establishing eligibility criteria, ownership obligations, financial contributions, and a program for distribution to individuals requesting and receiving such telecommunications devices distributed by the office, and other rules necessary to administer programs and services consistent with this chapter.

**Sec. 922.** RCW 43.43.839 and 1995 c 169 s 2 are each amended to read as follows:

The fingerprint identification account is created in the custody of the state treasurer. All receipts from incremental charges of fingerprint checks requested for noncriminal justice purposes and electronic background requests shall be deposited in the account. Receipts for fingerprint checks by the federal bureau of investigation may also be deposited in the account. Expenditures from the account may be used only for the cost of record checks. Only the chief of the state patrol or the chief's designee may authorize expenditures from the account. The account is subject to allotment procedures under chapter 43.88 RCW. No appropriation is required for expenditures prior to July 1, 1997. After June 30, 1997, the account shall be subject to appropriation. During the 2009-2011 fiscal biennium, the legislature may transfer from the

fingerprint identification account to the state general fund such amounts as reflect the excess fund balance of the account.

**Sec. 923.** RCW 43.43.944 and 2007 c 520 s 6034 are each amended to read as follows:

(1) The fire service training account is hereby established in the state treasury. The fund shall consist of:

(a) All fees received by the Washington state patrol for fire service training;

(b) All grants and bequests accepted by the Washington state patrol under RCW 43.43.940;

(c) Twenty percent of all moneys received by the state on fire insurance premiums; and

(d) General fund--state moneys appropriated into the account by the legislature.

(2) Moneys in the account may be appropriated only for fire service training. The state patrol may use amounts appropriated from the fire service training account under this section to contract with the Washington state firefighters apprenticeship trust for the operation of the firefighter joint apprenticeship training program. The contract may call for payments on a monthly basis. During the ((2007-2009)) 2009-2011 fiscal biennium, the legislature may appropriate funds from this account for school fire prevention activities within the Washington state patrol ((and additional sanitary wastewater treatment capacity at the state fire service training center)).

(3) Any general fund--state moneys appropriated into the account shall be allocated solely to the firefighter joint apprenticeship training program. The Washington state patrol may contract with outside entities for the administration and delivery of the firefighter joint apprenticeship training program.

**Sec. 924.** RCW 43.60A.185 and 2006 c 343 s 8 are each amended to read as follows:

The veterans innovations program account is created in the state treasury. Moneys in the account may be spent only after appropriation. Expenditures from the account may be used only for purposes of the veterans innovations program. During the 2009-2011 fiscal biennium, the funds may be used for contracting for veterans' claims assistance services.

**Sec. 925.** RCW 43.131.406 and 2006 c 343 s 11 are each amended to read as follows:

The following acts or parts of acts, as now existing or hereafter amended, are each repealed, effective June 30, 2017:

- (1) 2006 c 343 s 1 (uncodified);
- (2) RCW 43.60A.160 and 2006 c 343 s 3;
- (3) RCW 43.60A.165 and 2006 c 343 s 4;
- (4) RCW 43.60A.170 and 2006 c 343 s 5;
- (5) RCW 43.60A.175 and 2006 c 343 s 6;
- (6) RCW 43.60A.180 and 2006 c 343 s 7; and
- (7) RCW 43.60A.185 and section 924 of this act and 2006 c 343 s 8.

**Sec. 926.** RCW 43.70.110 and 2009 c 403 s 5 are each amended to read as follows:

(1) The secretary shall charge fees to the licensee for obtaining a license. Physicians regulated pursuant to chapter 18.71 RCW who reside and practice in Washington and obtain or renew a retired active license are exempt from such fees. After June 30, 1995, municipal corporations providing emergency medical care and transportation services pursuant to chapter 18.73 RCW shall be exempt from such fees, provided that such other emergency services shall only be charged for their pro rata share of the cost of licensure and inspection, if appropriate. The secretary may waive the fees when, in the discretion of the secretary, the fees would not be in the best interest of public health and safety, or when the fees would be to the financial disadvantage of the state.

(2) Except as provided in subsection (3) of this section, fees charged shall be based on, but shall not exceed, the cost to the

department for the licensure of the activity or class of activities and may include costs of necessary inspection.

(3) License fees shall include amounts in addition to the cost of licensure activities in the following circumstances:

(a) For registered nurses and licensed practical nurses licensed under chapter 18.79 RCW, support of a central nursing resource center as provided in RCW 18.79.202, until June 30, 2013;

(b) For all health care providers licensed under RCW 18.130.040, the cost of regulatory activities for retired volunteer medical worker licensees as provided in RCW 18.130.360; and

(c) For physicians licensed under chapter 18.71 RCW, physician assistants licensed under chapter 18.71A RCW, osteopathic physicians licensed under chapter 18.57 RCW, osteopathic physicians' assistants licensed under chapter 18.57A RCW, naturopaths licensed under chapter 18.36A RCW, podiatrists licensed under chapter 18.22 RCW, chiropractors licensed under chapter 18.25 RCW, psychologists licensed under chapter 18.83 RCW, registered nurses licensed under chapter 18.79 RCW, optometrists licensed under chapter 18.53 RCW, mental health counselors licensed under chapter 18.225 RCW, massage therapists licensed under chapter 18.108 RCW, clinical social workers licensed under chapter 18.225 RCW, and acupuncturists licensed under chapter 18.06 RCW, the license fees shall include up to an additional twenty-five dollars to be transferred by the department to the University of Washington for the purposes of RCW 43.70.112. During the 2009-2011 fiscal biennium, five dollars of the current twenty-dollar fee received from registered nurses under this subsection may be expended by the department of health exclusively for the purposes of funding approved treatment programs for impaired registered nurses, registered nursing license processing functions, and disciplinary activities related to registered nurses.

(4) Department of health advisory committees may review fees established by the secretary for licenses and comment upon the appropriateness of the level of such fees.

**Sec. 927.** RCW 43.78.030 and 1994 c 82 s 1 are each amended to read as follows:

The public printer shall print and bind the session laws, the journals of the two houses of the legislature, all bills, resolutions, documents, and other printing and binding of either the senate or house, as the same may be ordered by the legislature; and such forms, blanks, record books, and printing and binding of every description as may be ordered by all state officers, boards, commissions, and institutions, and the supreme court, and the court of appeals and officers thereof, as the same may be ordered on requisition, from time to time, by the proper authorities. This section shall not apply to the printing of the supreme court and the court of appeals reports, to the printing of bond certificates or bond offering disclosure documents, to the printing of educational publications of the state historical societies, or to any printing done or contracted for by institutions of higher education: PROVIDED, That institutions of higher education, in consultation with the public printer, develop vendor selection procedures comparable to those used by the public printer for contracted printing jobs. Where any institution or institution of higher learning of the state is or may become equipped with facilities for doing such work, it may do any printing: (1) For itself, or (2) for any other state institution when such printing is done as part of a course of study relative to the profession of printer. Any printing and binding of whatever description as may be needed by any institution or agency of the state department of social and health services not at Olympia, or the supreme court or the court of appeals or any officer thereof, the estimated cost of which shall not exceed one thousand dollars, may be done by any private printing company in the general vicinity within the state of Washington so ordering, if in the judgment of the

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officer of the agency so ordering, the saving in time and processing justifies the award to such local private printing concern.

Beginning on July 1, 1989, and on July 1 of each succeeding odd-numbered year, the dollar limit specified in this section shall be adjusted as follows: The office of financial management shall calculate such limit by adjusting the previous biennium's limit by an appropriate federal inflationary index reflecting the rate of inflation for the previous biennium. Such amounts shall be rounded to the nearest fifty dollars.

During the 2009-2011 fiscal biennium, this section does not apply to pilot printing projects authorized by the office of financial management to allow state agencies and institutions to directly acquire printing services.

**Sec. 928.** RCW 43.79.460 and 2009 c 518 s 21 are each amended to read as follows:

(1) The savings incentive account is created in the custody of the state treasurer. The account shall consist of all moneys appropriated to the account by the legislature. The account is subject to the allotment procedures under chapter 43.88 RCW, but no appropriation is required for expenditures from the account.

(2) Within the savings incentive account, the state treasurer may create subaccounts to be credited with incentive savings attributable to individual state agencies, as determined by the office of financial management in consultation with the legislative fiscal committees. Moneys deposited in the subaccounts may be expended only on the authorization of the agency's executive head or designee and only for the purpose of one-time expenditures to improve the quality, efficiency, and effectiveness of services to customers of the state, such as one-time expenditures for employee training, employee incentives, technology improvements, new work processes, or performance measurement. Funds may not be expended from the account to establish new programs or services, expand existing programs or services, or incur ongoing costs that would require future expenditures.

(3) For purposes of this section, "incentive savings" means state general fund appropriations that are unspent as of June 30th of a fiscal year, excluding any amounts included in across-the-board reductions under RCW 43.88.110 and excluding unspent appropriations for:

(a) Caseload and enrollment in entitlement programs, except to the extent that an agency has clearly demonstrated that efficiencies have been achieved in the administration of the entitlement program. "Entitlement program," as used in this section, includes programs for which specific sums of money are appropriated for pass-through to third parties or other entities;

(b) Enrollments in state institutions of higher education;

(c) A specific amount contained in a condition or limitation to an appropriation in the biennial appropriations act, if the agency did not achieve the specific purpose or objective of the condition or limitation;

(d) Debt service on state obligations; and

(e) State retirement system obligations.

(4) The office of financial management, after consulting with the legislative fiscal committees, shall report the amount of savings incentives achieved.

(5) For fiscal year 2009, the legislature may transfer from the savings incentive account to the state general fund such amounts as reflect the fund balance of the account attributable to unspent state general fund appropriations for fiscal year 2008. For fiscal year 2010, the legislature may transfer from the savings incentive account to the state general fund such amounts as reflect the fund balance of the account attributable to unspent state general fund appropriations for fiscal year 2009.

**Sec. 929.** RCW 43.79.465 and 2009 c 4 s 903 are each amended to read as follows:

The education savings account is created in the state treasury. The account shall consist of all moneys appropriated to the account by the legislature.

(1) Ten percent of legislative appropriations to the education savings account shall be distributed as follows: (a) Fifty percent to the distinguished professorship trust fund under RCW 28B.76.565; (b) seventeen percent to the graduate fellowship trust fund under RCW 28B.76.610; and (c) thirty-three percent to the college faculty awards trust fund under RCW 28B.50.837.

(2) The remaining moneys in the education savings account may be appropriated solely for (a) common school construction projects that are eligible for funding from the common school construction account, (b) technology improvements in the common schools, (c) during the 2001-03 fiscal biennium, technology improvements in public higher education institutions, ((and)) (d) during the 2007-2009 fiscal biennium, the legislature may transfer from the education savings account to the state general fund such amounts as reflect the excess fund balance of the account attributable to unspent state general fund appropriations for fiscal year 2008, and (e) for fiscal year 2010, the legislature may transfer from the education savings account to the state general fund such amounts as reflect the fund balance of the account attributable to unspent general fund appropriations for fiscal year 2009.

**Sec. 930.** RCW 43.89.010 and 2000 2nd sp.s. c 4 s 7 are each amended to read as follows:

The chief of the Washington state patrol is hereby authorized to establish a communications network which will inter-connect the law enforcement agencies of the state and its political subdivisions into a unified written communications system. The chief of the Washington state patrol is authorized to lease or purchase such facilities and equipment as may be necessary to establish and maintain the communications network.

(1) The communications network shall be used exclusively for the official business of the state, and the official business of any city, county, city and county, or other public agency.

(2) This section does not prohibit the occasional use of the state's communications network by any other state or public agency thereof when the messages transmitted relate to the enforcement of the criminal laws of the state.

(3) The chief of the Washington state patrol shall fix the monthly operational charge to be paid by any department or agency of state government, or any city, county, city and county, or other public agency participating in the communications network: PROVIDED, That in computing charges to be made against a city, county, or city and county the state shall bear at least fifty percent of the costs of such service as its share in providing a modern unified communications network to the law enforcement agencies of the state. Of the fees collected pursuant to this section, one-half shall be deposited in the motor vehicle fund and one-half shall be deposited in the state patrol highway account. However, for the 2009-2011 fiscal biennium the fees collected pursuant to this section shall be deposited in the state general fund.

(4) The chief of the Washington state patrol is authorized to arrange for the connection of the communications network with the law enforcement communications system of any adjacent state, or the Province of British Columbia, Canada.

**Sec. 931.** RCW 43.105.080 and 1999 c 80 s 8 are each amended to read as follows:

There is created a revolving fund to be known as the data processing revolving fund in the custody of the state treasurer. The revolving fund shall be used for the acquisition of equipment, software, supplies, and services and the payment of salaries, wages, and other costs incidental to the acquisition, development, operation, and administration of information services, telecommunications, systems, software, supplies and equipment,

including the payment of principal and interest on bonds issued for capital projects, by the department, Washington State University's computer services center, the department of personnel's personnel information systems division, the office of financial management's financial systems management group, and other users as jointly determined by the department and the office of financial management. The revolving fund is subject to the allotment procedure provided under chapter 43.88 RCW. Disbursements from the revolving fund for the services component of the department are not subject to appropriation. Disbursements for the strategic planning and policy component of the department are subject to appropriation. All disbursements from the fund are subject to the allotment procedures provided under chapter 43.88 RCW. The department shall establish and implement a billing structure to assure all agencies pay an equitable share of the costs. During the 2009-2011 fiscal biennium, the legislature may transfer from the data processing revolving account to the state general fund such amounts as reflect the excess fund balance associated with the information technology pool.

As used in this section, the word "supplies" shall not be interpreted to delegate or abrogate the division of purchasing's responsibilities and authority to purchase supplies as described in RCW 43.19.190 and 43.19.200.

**Sec. 932.** RCW 43.155.050 and 2009 c 564 s 940 are each amended to read as follows:

(1) The public works assistance account is hereby established in the state treasury. Money may be placed in the public works assistance account from the proceeds of bonds when authorized by the legislature or from any other lawful source. Money in the public works assistance account shall be used to make loans and to give financial guarantees to local governments for public works projects. Moneys in the account may also be appropriated to provide for state match requirements under federal law for projects and activities conducted and financed by the board under the drinking water assistance account. Not more than fifteen percent of the biennial capital budget appropriation to the public works board from this account may be expended or obligated for preconstruction loans, emergency loans, or loans for capital facility planning under this chapter; of this amount, not more than ten percent of the biennial capital budget appropriation may be expended for emergency loans and not more than one percent of the biennial capital budget appropriation may be expended for capital facility planning loans. During the 2009-2011 fiscal biennium, the legislature may transfer from the public works assistance account to the general fund and the city-county assistance account such amounts as reflect the excess fund balance of the account.

(2) The job development fund is hereby established in the state treasury. Moneys in the job development fund may be spent only after appropriation. During the 2009-2011 fiscal biennium, the legislature may transfer from the job development fund to the general fund such amounts as reflect the excess fund balance of the fund.

**NEW SECTION.** **Sec. 933.** A new section is added to chapter 43.215 RCW to read as follows:

(1)(a) The home visiting services account is created in the custody of the state treasurer. Revenues to the account shall consist of appropriations by the legislature and all other sources deposited in the account.

(b) Expenditures from the account shall be used for state matching funds for the purposes of the program established in this section including administrative expenses. Only the director or the director's designee may authorize expenditures from the account. Authorizations for expenditures may be given only after private funds are committed and available.

(c) Expenditures from the account are exempt from the appropriations and allotment provisions of chapter 43.88 RCW.

However, amounts used for program administration by the department are subject to the allotment and budgetary controls of chapter 43.88 RCW, and an appropriation is required for these expenditures.

(2) The department must expend moneys from the account to provide state matching funds for partnership activities to implement home visiting services and administer the infrastructure necessary to develop, support, and evaluate evidence-based, research-based, and promising home visiting programs.

(3) Activities eligible for funding through the account include, but are not limited to:

(a) Home visiting services that achieve one or more of the following: (i) Enhancing child development and well-being by alleviating the effects on child development of poverty and other known risk factors; (ii) reducing the incidence of child abuse and neglect; or (iii) promoting school readiness for young children and their families; and

(b) Development and maintenance of the infrastructure for home visiting programs, including training, quality improvement, and evaluation.

(4) Beginning July 1, 2010, the department shall contract with the nongovernmental private-public partnership designated in RCW 43.215.070 to administer programs funded through the home visiting services account. The department shall monitor performance and provide periodic reports on the use outcomes of the home visiting services account.

(5) The nongovernmental private-public partnership shall, in the administration of the programs:

(a) Fund programs through a competitive bid process; and

(b) Convene an advisory committee of early learning and home visiting experts, including one representative from the department, to advise the partnership regarding research and the distribution of funds from the account to eligible programs.

(6) To promote continuity for families receiving home visiting services through programs funded on the effective date of this section, those programs funded under chapter 43.121 RCW shall be funded through June 30, 2012, based on availability of funds and the achievement of stated performance goals. This section does not require any program to receive continuous funding beyond June 30, 2012. Organizations that may receive program funding include local health departments; nonprofit, neighborhood-based, community, regional, or statewide organizations; and federally recognized Indian tribes located in the state.

**Sec. 934.** RCW 43.320.110 and 2005 c 518 s 932 are each amended to read as follows:

There is created a local fund known as the "financial services regulation fund" which shall consist of all moneys received by the divisions of the department of financial institutions, except for the division of securities which shall deposit thirteen percent of all moneys received, except as provided in RCW 43.320.115, and which shall be used for the purchase of supplies and necessary equipment; the payment of salaries, wages, and utilities; the establishment of reserves; and other incidental costs required for the proper regulation of individuals and entities subject to regulation by the department. The state treasurer shall be the custodian of the fund. Disbursements from the fund shall be on authorization of the director of financial institutions or the director's designee. In order to maintain an effective expenditure and revenue control, the fund shall be subject in all respects to chapter 43.88 RCW, but no appropriation is required to permit expenditures and payment of obligations from the fund.

During the ((2005-2007)) 2009-2011 fiscal biennium, the legislature may transfer from the financial services regulation fund to the state general fund such amounts as reflect the excess fund balance of the fund.

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**Sec. 935.** RCW 43.320.165 and 2009 c 386 s 2 are each amended to read as follows:

The prevent or reduce owner-occupied foreclosure program account is created in the custody of the state treasurer. All receipts from the appropriation in section 4, chapter 322, Laws of 2008 as well as receipts from private contributions and all other sources that are specifically designated for the prevent or reduce owner-occupied foreclosure program must be deposited into the account. Expenditures from the account may be used solely for the purpose of preventing or reducing owner-occupied foreclosures through the prevent or reduce owner-occupied foreclosure program as described in RCW 43.320.160. Only the director of the department or the director's designee may authorize expenditures from the account. The account is subject to allotment procedures under chapter 43.88 RCW, but an appropriation is not required for expenditures. During the 2009-2011 fiscal biennium, the legislature may transfer from the prevent or reduce owner-occupied foreclosure program account to the financial education public-private partnership account such amounts as reflect the excess fund balance of the account.

**Sec. 936.** RCW 46.09.170 and 2009 c 564 s 944 and 2009 c 187 s 2 are each reenacted and amended to read as follows:

(1) From time to time, but at least once each year, the state treasurer shall refund from the motor vehicle fund one percent of the motor vehicle fuel tax revenues collected under chapter 82.36 RCW, based on a tax rate of: (a) Nineteen cents per gallon of motor vehicle fuel from July 1, 2003, through June 30, 2005; (b) twenty cents per gallon of motor vehicle fuel from July 1, 2005, through June 30, 2007; (c) twenty-one cents per gallon of motor vehicle fuel from July 1, 2007, through June 30, 2009; (d) twenty-two cents per gallon of motor vehicle fuel from July 1, 2009, through June 30, 2011; and (e) twenty-three cents per gallon of motor vehicle fuel beginning July 1, 2011, and thereafter, less proper deductions for refunds and costs of collection as provided in RCW 46.68.090.

(2) The treasurer shall place these funds in the general fund as follows:

(a) Thirty-six percent shall be credited to the ORV and nonhighway vehicle account and administered by the department of natural resources solely for acquisition, planning, development, maintenance, and management of ORV, nonmotorized, and nonhighway road recreation facilities, and information programs and maintenance of nonhighway roads;

(b) Three and one-half percent shall be credited to the ORV and nonhighway vehicle account and administered by the department of fish and wildlife solely for the acquisition, planning, development, maintenance, and management of ORV, nonmotorized, and nonhighway road recreation facilities and the maintenance of nonhighway roads;

(c) Two percent shall be credited to the ORV and nonhighway vehicle account and administered by the parks and recreation commission solely for the acquisition, planning, development, maintenance, and management of ORV, nonmotorized, and nonhighway road recreation facilities; and

(d) Fifty-eight and one-half percent shall be credited to the nonhighway and off-road vehicle activities program account to be administered by the board for planning, acquisition, development, maintenance, and management of ORV, nonmotorized, and nonhighway road recreation facilities and for education, information, and law enforcement programs. The funds under this subsection shall be expended in accordance with the following limitations:

(i) Not more than thirty percent may be expended for education, information, and law enforcement programs under this chapter;

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(ii) Not less than seventy percent may be expended for ORV, nonmotorized, and nonhighway road recreation facilities. Except as provided in (d)(iii) of this subsection, of this amount:

(A) Not less than thirty percent, together with the funds the board receives under RCW 46.09.110, may be expended for ORV recreation facilities;

(B) Not less than thirty percent may be expended for nonmotorized recreation facilities. Funds expended under this subsection (2)(d)(ii)(B) shall be known as Ira Spring outdoor recreation facilities funds; and

(C) Not less than thirty percent may be expended for nonhighway road recreation facilities;

(iii) The board may waive the minimum percentage cited in (d)(ii) of this subsection due to insufficient requests for funds or projects that score low in the board's project evaluation. Funds remaining after such a waiver must be allocated in accordance with board policy.

(3) On a yearly basis an agency may not, except as provided in RCW 46.09.110, expend more than ten percent of the funds it receives under this chapter for general administration expenses incurred in carrying out this chapter.

(4) During the 2009-2011 fiscal biennium, the legislature may appropriate such amounts as reflect the excess fund balance in the NOVA account to the department of natural resources to install consistent off-road vehicle signage at department-managed recreation sites, and to implement the recreation opportunities on department-managed lands in the Reiter block and Ahtanum state forest, and to the state parks and recreation commission. The legislature finds that the appropriation of funds from the NOVA account during the 2009-2011 fiscal biennium for maintenance and operation of state parks ((and)) or to improve accessibility for boaters and off-road vehicle users at state parks will benefit boaters and off-road vehicle users and others who use nonhighway and nonmotorized recreational facilities. ((This appropriation is)) The appropriations under this subsection are not required to follow the specific distribution specified in subsection (2) of this section.

**Sec. 937.** RCW 48.02.190 and 2009 c 161 s 1 are each amended to read as follows:

(1) As used in this section:

(a) "Organization" means every insurer, as defined in RCW 48.01.050, having a certificate of authority to do business in this state, every health care service contractor, as defined in RCW 48.44.010, every health maintenance organization, as defined in RCW 48.46.020, or self-funded multiple employer welfare arrangement, as defined in RCW 48.125.010, registered to do business in this state. "Class one" organizations shall consist of all insurers as defined in RCW 48.01.050. "Class two" organizations shall consist of all organizations registered under provisions of chapters 48.44 and 48.46 RCW. "Class three" organizations shall consist of self-funded multiple employer welfare arrangements as defined in RCW 48.125.010.

(b)(i) "Receipts" means (A) net direct premiums consisting of direct gross premiums, as defined in RCW 48.18.170, paid for insurance written or renewed upon risks or property resident, situated, or to be performed in this state, less return premiums and premiums on policies not taken, dividends paid or credited to policyholders on direct business, and premiums received from policies or contracts issued in connection with qualified plans as defined in RCW 48.14.021, and (B) prepayments to health care service contractors, as defined in RCW 48.44.010, health maintenance organizations, as defined in RCW 48.46.020, or participant contributions to self-funded multiple employer welfare arrangements, as defined in RCW 48.125.010, less experience rating credits, dividends, prepayments returned to subscribers, and payments for contracts not taken.

(ii) Participant contributions, under chapter 48.125 RCW, used to determine the receipts in this state under this section shall be determined in the same manner as premiums taxable in this state are determined under RCW 48.14.090.

(c) "Regulatory surcharge" means the fees imposed by this section.

(2) The annual cost of operating the office of insurance commissioner shall be determined by legislative appropriation. A pro rata share of the cost shall be charged to all organizations as a regulatory surcharge. Each class of organization shall contribute a sufficient amount to the insurance commissioner's regulatory account to pay the reasonable costs, including overhead, of regulating that class of organization.

(3) The regulatory surcharge shall be calculated separately for each class of organization. The regulatory surcharge collected from each organization shall be that portion of the cost of operating the insurance commissioner's office, for that class of organization, for the ensuing fiscal year that is represented by the organization's portion of the receipts collected or received by all organizations within that class on business in this state during the previous calendar year. However, the regulatory surcharge must not exceed one-eighth of one percent of receipts and the minimum regulatory surcharge shall be one thousand dollars.

(4) The commissioner shall annually, on or before June 1st, calculate and bill each organization for the amount of the regulatory surcharge. The regulatory surcharge shall be due and payable no later than June 15th of each year. However, if the necessary financial records are not available or if the amount of the legislative appropriation is not determined in time to carry out such calculations and bill such regulatory surcharge within the time specified, the commissioner may use the regulatory surcharge factors for the prior year as the basis for the regulatory surcharge and, if necessary, the commissioner may impose supplemental fees to fully and properly charge the organizations. Any organization failing to pay the regulatory surcharges by June 30th shall pay the same penalties as the penalties for failure to pay taxes when due under RCW 48.14.060. The regulatory surcharge required by this section is in addition to all other taxes and fees now imposed or that may be subsequently imposed.

(5) All moneys collected shall be deposited in the insurance commissioner's regulatory account in the state treasury which is hereby created.

(6) Unexpended funds in the insurance commissioner's regulatory account at the close of a fiscal year shall be carried forward in the insurance commissioner's regulatory account to the succeeding fiscal year and shall be used to reduce future regulatory surcharges.

(7)(a) Each insurer may annually collect regulatory surcharges remitted in preceding years by means of a policyholder surcharge on premiums charged for all kinds of insurance. The recoupment shall be at a uniform rate reasonably calculated to collect the regulatory surcharge remitted by the insurer.

(b) If an insurer fails to collect the entire amount of the recoupment in the first year under this section, it may repeat the recoupment procedure provided for in this subsection (7) in succeeding years until the regulatory surcharge is fully collected or a de minimis amount remains uncollected. Any such de minimis amount may be collected as provided in (d) of this subsection.

(c) The amount and nature of any recoupment shall be separately stated on either a billing or policy declaration sent to an insured. The amount of the recoupment must not be considered a premium for any purpose, including the premium tax or agents' commissions.

(d) An insurer may elect not to collect the regulatory surcharge from its insured. In such a case, the insurer may recoup the

regulatory surcharge through its rates, if the following requirements are met:

(i) The insurer remits the amount of surcharge not collected by election under this subsection; and

(ii) The surcharge is not considered a premium for any purpose, including the premium tax or agents' commission.

(8) During the 2009-2011 fiscal biennium, the legislature may transfer from the insurance commissioner's regulatory account to the state general fund such amounts as reflect the excess fund balance in the account.

**Sec. 938.** RCW 67.40.040 and 2008 c 329 s 917 and 2008 c 328 s 6011 are each reenacted and amended to read as follows:

(1) The proceeds from the sale of the bonds authorized in RCW 67.40.030, proceeds of the taxes imposed under RCW 67.40.090 and 67.40.130, and all other moneys received by the state convention and trade center from any public or private source which are intended to fund the acquisition, design, construction, expansion, exterior cleanup and repair of the Eagles building, conversion of various retail and other space to meeting rooms, purchase of the land and building known as the McKay Parcel, development of low-income housing, or renovation of the center, and those expenditures authorized under RCW 67.40.170 shall be deposited in the state convention and trade center account hereby created in the state treasury and in such subaccounts as are deemed appropriate by the directors of the corporation.

(2) Moneys in the account, including unanticipated revenues under RCW 43.79.270, shall be used exclusively for the following purposes in the following priority:

(a) For reimbursement of the state general fund under RCW 67.40.060;

(b) After appropriation by statute:

(i) For payment of expenses incurred in the issuance and sale of the bonds issued under RCW 67.40.030;

(ii) For expenditures authorized in RCW 67.40.170, and during the ((2007-2009)) 2009-2011 fiscal biennium, ((the legislature may transfer from the state convention and trade center account to the Washington housing trust account such amounts as reflect the excess fund balance in the account; and during the 2007-2009 biennium,)) the legislature may transfer from the state convention and trade center account to the general fund such amounts as reflect the excess fund balance in the account;

(iii) For acquisition, design, and construction of the state convention and trade center;

(iv) For debt service for the acquisition, design, and construction and retrofit of the museum of history and industry museum property or other future expansions of the convention center as approved by the legislature; and

(v) For reimbursement of any expenditures from the state general fund in support of the state convention and trade center; and

(c) For transfer to the state convention and trade center operations account.

(3) The corporation shall identify with specificity those facilities of the state convention and trade center that are to be financed with proceeds of general obligation bonds, the interest on which is intended to be excluded from gross income for federal income tax purposes. The corporation shall not permit the extent or manner of private business use of those bond-financed facilities to be inconsistent with treatment of such bonds as governmental bonds under applicable provisions of the Internal Revenue Code of 1986, as amended.

(4) In order to ensure consistent treatment of bonds authorized under RCW 67.40.030 with applicable provisions of the Internal Revenue Code of 1986, as amended, and notwithstanding RCW 43.84.092, investment earnings on bond proceeds deposited in the state convention and trade center account in the state treasury shall be retained in the account, and shall be expended by the corporation

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for the purposes authorized under chapter 386, Laws of 1995 and in a manner consistent with applicable provisions of the Internal Revenue Code of 1986, as amended.

(5) Subject to the conditions in subsection (6) of this section, starting in fiscal year 2008, and except for the 2009-2011 fiscal biennium in which no transfers shall be made, the state treasurer shall transfer:

(a) The sum of four million dollars, or as much as may be available pursuant to conditions set forth in this section, from the state convention and trade center account to the tourism enterprise account, with the maximum transfer being four million dollars per fiscal year; and

(b) The sum of five hundred thousand dollars, or as much as may be available pursuant to conditions set forth in this section, from the state convention and trade center account to the tourism development and promotion account, with the maximum transfer being five hundred thousand dollars per fiscal year.

(6)(a) Funds required for debt service payments and reserves for bonds issued under RCW 67.40.030; for debt service authorized under RCW 67.40.170; and for the issuance and sale of financial instruments associated with the acquisition, design, construction, and retrofit of the museum of history and industry museum property or for other future expansions of the center, as approved by the legislature, shall be maintained within the state convention and trade center account.

(b) Except for during the 2009-2011 fiscal biennium, during which no reserve shall be retained, no less than six million one hundred fifty thousand dollars per year shall be retained in the state convention and trade center account for funding capital maintenance as required by the center's long-term capital plan, facility enhancements, unanticipated replacements, and operating reserves for the convention center operation. This amount shall be escalated annually as follows:

(i) Four percent for annual inflation for capital maintenance, repairs, and replacement;

(ii) An additional two percent for enhancement to the facility; and

(iii) An additional three percent for growth in expenditure due to aging of the facility and the need to maintain an operating reserve.

(c) Sufficient funds shall be reserved within the state convention and trade center account to fund operating appropriations for the annual operation of the convention center.

**Sec. 939.** RCW 66.08.170 and 2009 c 564 s 947 are each amended to read as follows:

There shall be a fund, known as the "liquor revolving fund", which shall consist of all license fees, permit fees, penalties, forfeitures, and all other moneys, income, or revenue received by the board. The state treasurer shall be custodian of the fund. All moneys received by the board or any employee thereof, except for change funds and an amount of petty cash as fixed by the board within the authority of law shall be deposited each day in a depository approved by the state treasurer and transferred to the state treasurer to be credited to the liquor revolving fund. During the 2009-2011 fiscal biennium, the legislature may transfer funds from the liquor revolving ((account [fund])) fund to the state general fund and may direct an additional amount of liquor profits to be distributed to local governments. Neither the transfer of funds nor the additional distribution of liquor profits to local governments during the 2009-2011 fiscal biennium may reduce the excess fund distributions that otherwise would occur under RCW 66.08.190. Licensee sales are exempt from any increases to the price of liquor made by the board during the 2009-2011 fiscal biennium for the purpose of implementing any transfers to the state general fund or additional distribution of liquor profits. This exemption includes price increases implemented for such purposes during the

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2009-2011 fiscal biennium prior to the effective date of this section but applies only to sales made on or after July 1, 2010. Disbursements from the revolving fund shall be on authorization of the board or a duly authorized representative thereof. In order to maintain an effective expenditure and revenue control the liquor revolving fund shall be subject in all respects to chapter 43.88 RCW but no appropriation shall be required to permit expenditures and payment of obligations from such fund.

**Sec. 940.** RCW 67.70.044 and 2009 c 576 s 1 are each amended to read as follows:

(1) Pursuant to RCW 67.70.040(1)(a), the commission may enter into the multistate agreement establishing a shared game lottery known as "The Big Game," that was entered into by party state lotteries in August 1996 and subsequently amended and a shared game lottery known as "Powerball."

(2) The shared game lottery account is created as a separate account outside the state treasury. The account is managed, maintained, and controlled by the commission and consists of all revenues received from the sale of shared game lottery tickets or shares, and all other moneys credited or transferred to it from any other fund or source under law. The account is allotted according to chapter 43.88 RCW. During the 2009-2011 fiscal biennium, the legislature may transfer from the shared game lottery account to the education legacy trust account such amounts as reflect the excess fund balance of the account.

**Sec. 941.** RCW 67.70.230 and 1985 c 375 s 4 are each amended to read as follows:

There is hereby created and established a separate account, to be known as the state lottery account. Such account shall be managed, maintained, and controlled by the commission and shall consist of all revenues received from the sale of lottery tickets or shares, and all other moneys credited or transferred thereto from any other fund or source pursuant to law. The account shall be a separate account outside the state treasury. No appropriation is required to permit expenditures and payment of obligations from the account. During the 2009-2011 fiscal biennium, the legislature may transfer from the state lottery account to the education legacy trust account such amounts as reflect the excess fund balance of the account.

**Sec. 942.** RCW 70.105D.070 and 2009 c 564 s 951 are each amended to read as follows:

(1) The state toxics control account and the local toxics control account are hereby created in the state treasury.

(2) The following moneys shall be deposited into the state toxics control account: (a) Those revenues which are raised by the tax imposed under RCW 82.21.030 and which are attributable to that portion of the rate equal to thirty-three one-hundredths of one percent; (b) the costs of remedial actions recovered under this chapter or chapter 70.105A RCW; (c) penalties collected or recovered under this chapter; and (d) any other money appropriated or transferred to the account by the legislature. Moneys in the account may be used only to carry out the purposes of this chapter, including but not limited to the following activities:

(i) The state's responsibility for hazardous waste planning, management, regulation, enforcement, technical assistance, and public education required under chapter 70.105 RCW;

(ii) The state's responsibility for solid waste planning, management, regulation, enforcement, technical assistance, and public education required under chapter 70.95 RCW;

(iii) The hazardous waste cleanup program required under this chapter;

(iv) State matching funds required under the federal cleanup law;

(v) Financial assistance for local programs in accordance with chapters 70.95, 70.95C, 70.95I, and 70.105 RCW;

- (vi) State government programs for the safe reduction, recycling, or disposal of hazardous wastes from households, small businesses, and agriculture;
- (vii) Hazardous materials emergency response training;
- (viii) Water and environmental health protection and monitoring programs;
- (ix) Programs authorized under chapter 70.146 RCW;
- (x) A public participation program, including regional citizen advisory committees;
- (xi) Public funding to assist potentially liable persons to pay for the costs of remedial action in compliance with cleanup standards under RCW 70.105D.030(2)(e) but only when the amount and terms of such funding are established under a settlement agreement under RCW 70.105D.040(4) and when the director has found that the funding will achieve both (A) a substantially more expeditious or enhanced cleanup than would otherwise occur, and (B) the prevention or mitigation of unfair economic hardship;
- (xii) Development and demonstration of alternative management technologies designed to carry out the hazardous waste management priorities of RCW 70.105.150; ((and))
  - (xiii) During the 2009-2011 fiscal biennium, shoreline update technical assistance; and
  - (xiv) During the 2009-2011 fiscal biennium, multijurisdictional permitting teams.
    - (3) The following moneys shall be deposited into the local toxics control account: Those revenues which are raised by the tax imposed under RCW 82.21.030 and which are attributable to that portion of the rate equal to thirty-seven one-hundredths of one percent.
      - (a) Moneys deposited in the local toxics control account shall be used by the department for grants or loans to local governments for the following purposes in descending order of priority:
        - (i) Remedial actions;
        - (ii) Hazardous waste plans and programs under chapter 70.105 RCW;
        - (iii) Solid waste plans and programs under chapters 70.95, 70.95C, 70.95I, and 70.105 RCW;
        - (iv) Funds for a program to assist in the assessment and cleanup of sites of methamphetamine production, but not to be used for the initial containment of such sites, consistent with the responsibilities and intent of RCW 69.50.511; and
      - (v) Cleanup and disposal of hazardous substances from abandoned or derelict vessels, defined for the purposes of this section as vessels that have little or no value and either have no identified owner or have an identified owner lacking financial resources to clean up and dispose of the vessel, that pose a threat to human health or the environment.
      - (b) Funds for plans and programs shall be allocated consistent with the priorities and matching requirements established in chapters 70.105, 70.95C, 70.95I, and 70.95 RCW, except that any applicant that is a Puget Sound partner, as defined in RCW 90.71.010, along with any project that is referenced in the action agenda developed by the Puget Sound partnership under RCW 90.71.310, shall, except as conditioned by RCW 70.105D.120, receive priority for any available funding for any grant or funding programs or sources that use a competitive bidding process. During the 2007-2009 fiscal biennium, moneys in the account may also be used for grants to local governments to retrofit public sector diesel equipment and for storm water planning and implementation activities.
      - (c) To expedite cleanups throughout the state, the department shall partner with local communities and liable parties for cleanups. The department is authorized to use the following additional strategies in order to ensure a healthful environment for future generations:

(i) The director may alter grant-matching requirements to create incentives for local governments to expedite cleanups when one of the following conditions exists:

(A) Funding would prevent or mitigate unfair economic hardship imposed by the clean-up liability;

(B) Funding would create new substantial economic development, public recreational, or habitat restoration opportunities that would not otherwise occur; or

(C) Funding would create an opportunity for acquisition and redevelopment of vacant, orphaned, or abandoned property under RCW 70.105D.040(5) that would not otherwise occur;

(ii) The use of outside contracts to conduct necessary studies;

(iii) The purchase of remedial action cost-cap insurance, when necessary to expedite multiparty clean-up efforts.

(d) To facilitate and expedite cleanups using funds from the local toxics control account, during the 2009-2011 fiscal biennium the director may establish grant-funded accounts to hold and disperse local toxics control account funds and funds from local governments to be used for remedial actions.

(4) Except for unanticipated receipts under RCW 43.79.260 through 43.79.282, moneys in the state and local toxics control accounts may be spent only after appropriation by statute.

(5) Except during the 2009-2011 fiscal biennium, one percent of the moneys deposited into the state and local toxics control accounts shall be allocated only for public participation grants to persons who may be adversely affected by a release or threatened release of a hazardous substance and to not-for-profit public interest organizations. The primary purpose of these grants is to facilitate the participation by persons and organizations in the investigation and remediating of releases or threatened releases of hazardous substances and to implement the state's solid and hazardous waste management priorities. No grant may exceed sixty thousand dollars. Grants may be renewed annually. Moneys appropriated for public participation from either account which are not expended at the close of any biennium shall revert to the state toxics control account.

(6) No moneys deposited into either the state or local toxics control account may be used for solid waste incinerator feasibility studies, construction, maintenance, or operation, or, after January 1, 2010, for projects designed to address the restoration of Puget Sound, funded in a competitive grant process, that are in conflict with the action agenda developed by the Puget Sound partnership under RCW 90.71.310.

(7) The department shall adopt rules for grant or loan issuance and performance.

(8) During the 2007-2009 and 2009-2011 fiscal biennia, the legislature may transfer from the local toxics control account to either the state general fund or the oil spill prevention account, or both such amounts as reflect excess fund balance in the account.

(9) During the 2009-2011 fiscal biennium, the local toxics control account may also be used for a standby rescue tug at Neah Bay, local government shoreline update grants, private and public sector diesel equipment retrofit, and oil spill prevention, preparedness, and response activities.

(10) During the 2009-2011 fiscal biennium, the legislature may transfer from the state toxics control account to the state general fund such amounts as reflect the excess fund balance in the account.

**Sec. 943.** RCW 74.31.030 and 2007 c 356 s 4 are each amended to read as follows:

(1) By July 30, 2007, the department shall designate a staff person who shall be responsible for the following:

(a) Coordinating policies, programs, and services for individuals with traumatic brain injuries; and

(b) Providing staff support to the council created in RCW 74.31.020.

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(2) The department shall provide data and information to the council established under RCW 74.31.020 that is requested by the council and is in the possession or control of the department.

(3) By December 1, 2007, the department shall provide a preliminary report to the legislature and the governor, and shall provide a final report by December 1, 2008, containing recommendations for a comprehensive statewide plan to address the needs of individuals with traumatic brain injuries, including the use of public-private partnerships and a public awareness campaign. The comprehensive plan should be created in collaboration with the council and should consider the following:

- (a) Building provider capacity and provider training;
- (b) Improving the coordination of services;

(c) The feasibility of establishing agreements with private sector agencies to develop services for individuals with traumatic brain injuries; and

- (d) Other areas the council deems appropriate.

(4) By December 1, 2007, the department shall:

(a) Provide information and referral services to individuals with traumatic brain injuries until the statewide referral and information network is developed. The referral services may be funded from the traumatic brain injury account established under RCW 74.31.060; ((and))

- (b) Encourage and facilitate the following:

(i) Collaboration among state agencies that provide services to individuals with traumatic brain injuries;

(ii) Collaboration among organizations and entities that provide services to individuals with traumatic brain injuries; and

- (iii) Community participation in program implementation; and

(c) During the 2009-2011 fiscal biennium:

(i) Secure funding to develop housing specifically for traumatic brain injured individuals by leveraging federal and private fund sources;

(ii) Expand support group services with an emphasis on persons returning from active military duty with traumatic brain injury and their families;

(iii) Establish training and outreach to first responders and emergency medical staff for care related to traumatic brain injury; and

(iv) Improve awareness of health insurance coverage options and promote best practices in private health insurance coverage.

(5) By December 1, 2007, and by December 1st each year thereafter, the department shall issue a report to the governor and the legislature containing the following:

(a) A summary of action taken by the department to meet the needs of individuals with traumatic brain injuries; and

(b) Recommendations for improvements in services to address the needs of individuals with traumatic brain injuries.

**Sec. 944.** RCW 74.31.060 and 2007 c 356 s 7 are each amended to read as follows:

The traumatic brain injury account is created in the state treasury. Two dollars of the fee imposed under RCW 46.63.110(7)(c) must be deposited into the account. Moneys in the account may be spent only after appropriation, and may be used only to provide a public awareness campaign and services relating to traumatic brain injury under RCW 74.31.040 and 74.31.050, for information and referral services, and for costs of required department staff who are providing support for the council and information and referral services under RCW 74.31.020 and 74.31.030. During the 2009-2011 fiscal biennium, money in the account may also be spent on long-term care services and the services authorized in RCW 74.31.030(4)(c). The secretary of the department of social and health services has the authority to administer the funds.

**Sec. 945.** RCW 70.93.180 and 2009 c 564 s 950 are each amended to read as follows:

(1) There is hereby created an account within the state treasury to be known as the "waste reduction, recycling, and litter control account". Moneys in the account may be spent only after appropriation. Expenditures from the waste reduction, recycling, and litter control account shall be used as follows:

(a) Fifty percent to the department of ecology, for use by the departments of ecology, natural resources, revenue, transportation, and corrections, and the parks and recreation commission, for use in litter collection programs, to be distributed under RCW 70.93.220. The amount to the department of ecology shall also be used for a central coordination function for litter control efforts statewide, for the biennial litter survey under RCW 70.93.200(8), and for statewide public awareness programs under RCW 70.93.200(7). The amount to the department shall also be used to defray the costs of administering the funding, coordination, and oversight of local government programs for waste reduction, litter control, and recycling, so that local governments can apply one hundred percent of their funding to achieving program goals. The amount to the department of revenue shall be used to enforce compliance with the litter tax imposed in chapter 82.19 RCW;

(b) Twenty percent to the department for local government funding programs for waste reduction, litter control, and recycling activities by cities and counties under RCW 70.93.250, to be administered by the department of ecology; and

(c) Thirty percent to the department of ecology for waste reduction and recycling efforts.

(2) All taxes imposed in RCW 82.19.010 and fines and bail forfeitures collected or received pursuant to this chapter shall be deposited in the waste reduction, recycling, and litter control account and used for the programs under subsection (1) of this section.

(3) Not less than five percent and no more than ten percent of the amount appropriated into the waste reduction, recycling, and litter control account every biennium shall be reserved for capital needs, including the purchase of vehicles for transporting crews and for collecting litter and solid waste. Capital funds shall be distributed among state agencies and local governments according to the same criteria provided in RCW 70.93.220 for the remainder of the funds, so that the most effective waste reduction, litter control, and recycling programs receive the most funding. The intent of this subsection is to provide funds for the purchase of equipment that will enable the department to account for the greatest return on investment in terms of reaching a zero litter goal.

(4) During the 2009-2011 fiscal biennium, the legislature may transfer from the waste reduction, recycling, and litter control account to the state general fund such amounts as reflect the excess fund balance of the account. ((For purposes of subsection (1) of this section, this transfer shall be treated as an expenditure for litter collection.)) Additionally, during the 2009-2011 fiscal biennium, subsection (1)(a), (b), and (c) of this section is suspended.

**NEW SECTION. Sec. 946.** A new section is added to chapter 43.79 RCW to read as follows:

The legislature recognizes that efforts to restructure state operations to achieve greater efficiency are often impeded by the lack of a financing tool to support the transition and phase-down of state operations. The state efficiency and restructuring account is established in the state treasury to finance efforts to restructure state operations and achieve budget savings. Moneys from the account may be expended only after appropriation. As directed by the legislature, the state treasurer must transfer funds from specified accounts into the state efficiency and restructuring account to support appropriations from that account. The state treasurer must maintain a record of such transfers and must calculate repayment

obligations to any accounts providing surplus funds for a term of eight years at an interest rate that is five tenths of a percent higher than the interest rate that the account would have earned without the transfer. The state treasurer must submit a report of all such repayment obligations to the office of financial management by September 1st of each year. The governor's budget request under RCW 43.88.060 must include sufficient funds to meet the biennial repayment obligation.

**Sec. 947.** RCW 70.105D.130 and 2008 c 106 s 1 are each amended to read as follows:

(1) The cleanup settlement account is created in the state treasury. The account is not intended to replace the state toxics control account established under RCW 70.105D.070. All receipts from the sources identified in subsection (2) of this section must be deposited into the account. Moneys in the account may be spent only after appropriation. Expenditures from the account may be used only as identified in subsection (4) of this section.

(2) The following receipts must be deposited into the cleanup settlement account:

(a) Receipts from settlements or court orders that direct payment to the account and resolve a person's liability or potential liability under this chapter for either or both of the following:

(i) Conducting future remedial action at a specific facility, if it is not feasible to require the person to conduct the remedial action based on the person's financial insolvency, limited ability to pay, or insignificant contribution under RCW 70.105D.040(4)(a);

(ii) Assessing or addressing the injury to natural resources caused by the release of a hazardous substance from a specific facility; and

(b) Receipts from investment of the moneys in the account.

(3) If a settlement or court order does not direct payment of receipts described in subsection (2)(a) of this section into the cleanup settlement account, then the receipts from any payment to the state must be deposited into the state toxics control account.

(4) Expenditures from the cleanup settlement account may only be used to conduct remedial actions at the specific facility or to assess or address the injury to natural resources caused by the release of hazardous substances from that facility for which the moneys were deposited in the account. Conducting remedial actions or assessing or addressing injury to natural resources includes direct expenditures and indirect expenditures such as department oversight costs. During the 2009-2011 fiscal biennium, the legislature may transfer excess fund balances in the account into the state efficiency and restructuring account. Transfers of excess fund balances made under this section shall be made only to the extent amounts transferred with required repayments do not impair the ten-year spending plan administered by the department of ecology for environmental remedial actions dedicated for any designated clean-up site associated with the Everett smelter and Tacoma smelter, including plumes, or former Asarco mine sites. The cleanup settlement account must be repaid with interest under provisions of the state efficiency and restructuring account.

(5) The department shall track moneys received, interest earned, and moneys expended separately for each facility.

(6) After the department determines that all remedial actions at a specific facility, and all actions assessing or addressing injury to natural resources caused by the release of hazardous substances from that facility, are completed, including payment of all related costs, any moneys remaining for the specific facility must be transferred to the state toxics control account established under RCW 70.105D.070.

(7) The department shall provide the office of financial management and the fiscal committees of the legislature with a report by October 31st of each year regarding the activity within the cleanup settlement account during the previous fiscal year.

**Sec. 948.** RCW 70.146.100 and 2007 c 233 s 1 are each amended to read as follows:

(1) The water quality capital account is created in the state treasury. Moneys in the water quality capital account may be spent only after appropriation.

(2) Expenditures from the water quality capital account may only be used: (a) To make grants or loans to public bodies, including grants to public bodies as cost-sharing moneys in any case where federal, local, or other moneys are made available on a cost-sharing basis, for the capital component of water pollution control facilities and activities; (b) for purposes of assisting a public body to obtain an ownership interest in water pollution control facilities; or (c) to defray any part of the capital component of the payments made by a public body to a service provider under a service agreement entered into under RCW 70.150.060. During the 2009-2011 fiscal biennium, the legislature may transfer from the water quality capital account to the state general fund such amounts as reflect the excess fund balance of the account.

**Sec. 949.** RCW 79.105.150 and 2009 c 564 s 959 are each amended to read as follows:

(1) After deduction for management costs as provided in RCW 79.64.040 and payments to towns under RCW 79.115.150(2), all moneys received by the state from the sale or lease of state-owned aquatic lands and from the sale of valuable material from state-owned aquatic lands shall be deposited in the aquatic lands enhancement account which is hereby created in the state treasury. After appropriation, these funds shall be used solely for aquatic lands enhancement projects; for the purchase, improvement, or protection of aquatic lands for public purposes; for providing and improving access to the lands; and for volunteer cooperative fish and game projects. During the 2009-2011 fiscal biennium, the aquatic lands enhancement account may also be used for scientific research as part of the adaptive management process. During the 2009-11 fiscal biennium, the legislature may transfer from the aquatic lands enhancement account to the state general fund such amounts as reflect excess fund balance of the account.

(2) In providing grants for aquatic lands enhancement projects, the recreation and conservation funding board shall:

(a) Require grant recipients to incorporate the environmental benefits of the project into their grant applications;

(b) Utilize the statement of environmental benefits, consideration, except as provided in RCW 79.105.610, of whether the applicant is a Puget Sound partner, as defined in RCW 90.71.010, whether a project is referenced in the action agenda developed by the Puget Sound partnership under RCW 90.71.310, and except as otherwise provided in RCW 79.105.630, and effective one calendar year following the development and statewide availability of model evergreen community management plans and ordinances under RCW 35.105.050, whether the applicant is an entity that has been recognized, and what gradation of recognition was received, in the evergreen community recognition program created in RCW 35.105.030 in its prioritization and selection process; and

(c) Develop appropriate outcome-focused performance measures to be used both for management and performance assessment of the grants.

(3) To the extent possible, the department should coordinate its performance measure system with other natural resource-related agencies as defined in RCW 43.41.270.

(4) The department shall consult with affected interest groups in implementing this section.

(5) After January 1, 2010, any project designed to address the restoration of Puget Sound may be funded under this chapter only if the project is not in conflict with the action agenda developed by the Puget Sound partnership under RCW 90.71.310.

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**Sec. 950.** RCW 80.01.080 and 2006 c 3 s 2 are each amended to read as follows:

There is created in the state treasury a public service revolving fund. Regulatory fees payable by all types of public service companies shall be deposited to the credit of the public service revolving fund. Except for expenses payable out of the pipeline safety account, all expense of operation of the Washington utilities and transportation commission shall be payable out of the public service revolving fund.

During the ((2003-2005)) 2009-2011 fiscal biennium, the legislature may transfer from the public service revolving fund to the state general fund such amounts as reflect the excess fund balance of the fund.

((Due to the extraordinarily high winter energy costs, during the 2005-2007 fiscal biennium, no more than seven million six hundred thousand dollars, as appropriated in section 1, chapter 3, Laws of 2006, shall be payable out of the public service revolving fund to provide energy assistance to customers in accordance with the low income energy assistance program.))

**Sec. 951.** RCW 80.36.430 and 2009 c 564 s 960 are each amended to read as follows:

(1) The Washington telephone assistance program shall be funded by a telephone assistance excise tax on all switched access lines and by funds from any federal government or other programs for this purpose. Switched access lines are defined in RCW 82.14B.020. The telephone assistance excise tax shall be applied equally to all residential and business access lines not to exceed fourteen cents per month. The department shall submit an approved annual budget for the Washington telephone assistance program to the department of revenue no later than March 1st prior to the beginning of each fiscal year. The department of revenue shall then determine the amount of telephone assistance excise tax to be placed on each switched access line and shall inform local exchange companies and the utilities and transportation commission of this amount no later than May 1st. The department of revenue shall determine the amount of telephone assistance excise tax by dividing the total of the program budget funded by the telephone assistance excise tax, as submitted by the department, by the total number of switched access lines in the prior calendar year. The telephone assistance excise tax shall be separately identified on each ratepayer's bill as the "Washington telephone assistance program." All money collected from the telephone assistance excise tax shall be transferred to a telephone assistance fund administered by the department.

(2) Local exchange companies shall bill the fund for their expenses incurred in offering the telephone assistance program, including administrative and program expenses. The department shall disburse the money to the local exchange companies. The department is exempted from having to conclude a contract with local exchange companies in order to effect this reimbursement. The department shall recover its administrative costs from the fund. The department may specify by rule the range and extent of administrative and program expenses that will be reimbursed to local exchange companies.

(3) The department shall enter into an agreement with the department of ((economy, trade, and economic development)) commerce for an amount not to exceed eight percent of the prior fiscal year's total revenue for the administrative and program expenses of providing community service voice mail services. The community service voice mail service may include toll-free lines in community action agencies through which recipients can access their community service voice mailboxes at no charge.

(4) During the 2009-2011 biennium, the department shall enter into an agreement with the ((military department)) WIN 211

organization for ((one million dollars to)) operational support ((the WIN 211 program)).

**Sec. 952.** RCW 82.14.495 and 2009 c 4 s 907 are each amended to read as follows:

(1) The streamlined sales and use tax mitigation account is created in the state treasury. The state treasurer shall transfer into the account from the general fund amounts as directed in RCW 82.14.500. Expenditures from the account may be used only for the purpose of mitigating the negative fiscal impacts to local taxing jurisdictions as a result of RCW 82.14.490 and the chapter 6, Laws of 2007 amendments to RCW 82.14.020. During the ((2007-2009)) 2009-2011 fiscal biennium, the legislature may transfer from the streamlined sales and use tax mitigation account to the state general fund such amounts as reflect the excess fund balance of the account.

(2) Beginning July 1, 2008, the state treasurer, as directed by the department, shall distribute the funds in the streamlined sales and use tax mitigation account to local taxing jurisdictions in accordance with RCW 82.14.500.

(3) The definitions in this subsection apply throughout this section and RCW 82.14.390 and 82.14.500.

(a) "Agreement" means the same as in RCW 82.32.020.

(b) "Local taxing jurisdiction" means counties, cities, 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, and regional transit authorities under chapter 81.112 RCW, that impose a sales and use tax.

(c) "Loss" or "losses" means the local sales and use tax revenue reduction to a local taxing jurisdiction resulting from the sourcing provisions in RCW 82.14.490 and the chapter 6, Laws of 2007 amendments to RCW 82.14.020.

(d) "Net loss" or "net losses" means a loss offset by any voluntary compliance revenue.

(e) "Voluntary compliance revenue" means the local sales tax revenue gain to each local taxing jurisdiction reported to the department from persons registering through the central registration system authorized under the agreement.

(f) "Working day" has the same meaning as in RCW 82.45.180.

**Sec. 953.** RCW 83.100.230 and 2008 c 329 s 924 are each amended to read as follows:

The education legacy trust account is created in the state treasury. Money in the account may be spent only after appropriation. Expenditures from the account may be used only for deposit into the student achievement fund and for expanding access to higher education through funding for new enrollments and financial aid, and other educational improvement efforts. During the ((2007-2009)) 2009-2011 fiscal biennium, moneys in the account may also be transferred into the state general fund.

NEW SECTION. **Sec. 954.** A new section is added to 2009 c 564 (uncodified) to read as follows:

#### JOINT LEGISLATIVE SELECT COMMITTEE ON HEALTH REFORM IMPLEMENTATION.

The joint legislative select committee on health reform implementation is established. The joint legislative select committee on health reform implementation shall be co-chaired by the chairs of the health committees of the senate and the house of representatives, and leadership of the two largest caucuses in the senate and the house of representatives shall each appoint two additional legislators to serve on the committee. The co-chairs may direct the formation of advisory committees, if desired, to focus on specific topic areas, such as insurance regulation, access and expansion of public and private programs, and workforce issues, and may invite interested stakeholders and additional experts to

advise the committee. All participation in the joint select committee and any advisory committees is without compensation.

This section expires June 30, 2011.

**NEW SECTION. Sec. 955.** If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected.

**NEW SECTION. Sec. 956.** Section 910 of this act expires June 30, 2011.

**NEW SECTION. Sec. 957.** Section 935 of this act expires June 30, 2011.

**NEW SECTION. Sec. 958.** This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect immediately.

(End of bill)

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On page 1, line 1 of the title, after "matters;" strike the remainder of the title and insert "amending RCW 13.06.050, 15.76.115, 28A.300.380, 28B.50.837, 28B.76.565, 28B.76.610,

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28B.102.080, 38.52.105, 43.17.390, 43.20A.725, 43.43.839, 43.43.944, 43.60A.185, 43.131.406, 43.70.110, 43.78.030, 43.79.460, 43.79.465, 43.89.010, 43.105.080, 43.155.050, 43.320.110, 43.320.165, 48.02.190, 66.08.170, 67.70.044, 67.70.230, 70.105D.070, 74.31.030, 74.31.060, 70.93.180, 70.105D.130, 70.146.100, 79.105.150, 80.01.080, 80.36.430, 82.14.495, and 83.100.230; amending 2010 c 3 ss 101, 102, 103, 104, 105, 106, 107, 108, 109, 110, 111, 112, 113, 201, 202, 203, 204, 205, 206, 207, 208, 209, 210, 211, 212, 213, 214, 215, 216, 301, 302, 303, 304, 305, 306, 401, 402, 501, and 601; amending 2009 c 564 ss 101, 102, 103, 104, 105, 106, 107, 108, 110, 111, 112, 113, 114, 115, 116, 117, 118, 119, 121, 122, 123, 124, 131, 132, 133, 134, 135, 136, 138, 140, 141, 142, 144, 145, 147, 148, 150, 149, 152, 155, 201, 213, 214, 216, 217, 218, 220, 224, 226, 221, 301, 304, 305, 308, 310, 501, 502, 503, 504, 505, 506, 507, 508, 509, 510, 511, 512, 514, 515, 516, 518, 601, 602, 605, 606, 607, 608, 609, 610, 611, 612, 613, 614, 615, 616, 617, 618, 619, 620, 621, 701, 703, 704, 708, 710, 717, 720, 801, 805, and 914; amending 2010 c 247 ss 502, 407, and 503; reenacting and amending RCW 28B.105.110, 46.09.170, and 67.40.040; adding a new section to chapter 43.215 RCW; adding a new section to chapter 43.79 RCW; adding new sections to 2009 c 564 (uncodified); making appropriations; providing expiration dates; and declaring an emergency."	

## MOTION

Senator Prentice moved that the Senate concur in the House amendment(s) to Engrossed Substitute Senate Bill No. 6444.

Senator Prentice spoke in favor of the motion.

## POINT OF INQUIRY

Senator Regala: "Would Senator Kauffman yield to a question? Thank you very much Senator Kauffman. I noticed that in this proposed to supplemental budget for the Department of Social & Health Services in the agency detailed publication there are two items that relate to the council on children and families. I've noticed that each of those items represent a three hundred thousand dollar reduction to the council and that neither item is expressly described in the bill on which we are about to vote. So, is it the intent to your understanding of this legislation to make a six hundred thousand dollar reduction to the council on children and families and to require the Department of Social & Health Services to take this entire budget reduction from the funding from the council?"

Senator Kauffman: "Thank you Senator for the great question. No, it was not the intent of budget act to require the department to take both reductions from the council from the Children & Families for the services home visiting. Just once not twice."

The President declared the question before the Senate to be the motion by Senator Prentice that the Senate concur in the House amendment(s) to Engrossed Substitute Senate Bill No. 6444.

The motion by Senator Prentice carried and the Senate concurred in the House amendment(s) to Engrossed Substitute Senate Bill No. 6444 by voice vote.

The President declared the question before the Senate to be the final passage of Engrossed Substitute Senate Bill No. 6444, as amended by the House.

Senators Zarelli, Schoesler, Carrell, Tom and Pflug spoke against passage of the bill.

Senators Hargrove and Brown spoke in favor of passage of the bill.

#### ROLL CALL

The Secretary called the roll on the final passage of Engrossed Substitute Senate Bill No. 6444, as amended by the House, and the bill passed the Senate by the following vote: Yeas, 25; Nays, 21; Absent, 0; Excused, 3.

Voting yeas: Senators Berkey, Brown, Eide, Fairley, Franklin, Fraser, Gordon, Hargrove, Hatfield, Jacobsen, Kastama, Kauffman, Keiser, Kline, Kohl-Welles, McAuliffe, McDermott, Murray, Oemig, Prentice, Pridemore, Ranker, Regala, Rockefeller and Shin

Voting nay: Senators Becker, Benton, Brandland, Carrell, Haugen, Hewitt, Hobbs, Holmquist, Honeyford, Kilmer, King, Marr, Morton, Parlette, Pflug, Roach, Schoesler, Sheldon, Swecker, Tom and Zarelli

Excused: Senators Delvin, McCaslin and Stevens

**ENGROSSED SUBSTITUTE SENATE BILL NO. 6444**, as amended by the House, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

#### PERSONAL PRIVILEGE

Senator Prentice: "I would like to thank the staff of Ways & Means for doing an absolute incredible job. I don't think we really realize how they work, day and night and I believe we have some of them. Would you please come forth? Don't look so bashful, Senator Fraser would you scoot them in here? I really think we owe them a round of applause. You can see how bashful they are. I can tell you that I've never worked with such a very dedicated group of people but also just so darned sharp. They know so much and they work so hard and after we moaned and groaned coming in Sunday afternoon and we have a hearing and then they work on the rest of our bills, I know on many occasions they've worked all night and I guess I just can't say thank you enough."

#### PERSONAL PRIVILEGE

Senator Brown: "Well, they're running away almost as fast as I can talk but Mr. Wills. Mr. Wills, could you step forward please? The head of our Ways & Means shop is going on to finer things. He's going to retire after this session and I wanted to say to him that 'oh bearded one.' He's done a fantastic job. We almost lost him and he stepped back in to fill the void and it's been to the value of all the people in the Senate and in the state of Washington. Very unflappable guy with, has the enormous respect of the people who work with him and has devoted many years of service, I won't say how many, to the people of Washington State. He's much younger than he looks, just kidding. He's done a fantastic job for us and his work will be well remembered. Thank you very much Mike."

#### PERSONAL PRIVILEGE

Senator Tom: "I really do want to second the motion as far as the great staff that we do have in Ways & Means. I've had the privilege in my private life to work with some incredible attorneys, accountants, lot of very high-priced, I guess you would say, individuals and our staff, they are incredible and they can hold a candle to anybody out there I can guarantee you. I think I've said it before, it always amazes me why they're actually here because they could probably make a heck of a lot more

money out there in the private sector. They are that talented but we are so fortunate to have them working immense hours. If we worked half as hard as they did, I think things around here would run a whole lot different but it really is amazing the talent that we have there. I know that we are a part-time legislature and this might not be the perfect idea but if we really were smart what we would do is we would just go home tell them to figure out the budget and then come back and say, 'yes'. I can tell you we would have a budget that I think that would get a lot more votes than twenty-five if that was the occurrence. Again, just want to say thanks for the incredible staff that we do have. Thank you Mr. President."

#### MOTION

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

#### SECOND READING

**ENGROSSED SUBSTITUTE HOUSE BILL NO. 2836**, by House Committee on Capital Budget (originally sponsored by Representatives Dunshee and White)

Concerning the capital budget.

The measure was read the second time.

#### MOTION

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

Strike everything after the enacting clause and insert the following:

**"NEW SECTION. Sec. 1.** A supplemental capital budget is hereby adopted and, subject to the provisions set forth in this act, the several dollar amounts hereinafter specified, or so much thereof as shall be sufficient to accomplish the purposes designated, are hereby appropriated and authorized to be incurred for capital projects during the period beginning with the effective date of this act and ending June 30, 2011, out of the several funds specified in this act.

#### PART 1 GENERAL GOVERNMENT

**Sec. 1001.** 2009 c 497 s 1005 (uncodified) is amended to read as follows:

**FOR THE DEPARTMENT OF ((COMMUNITY, TRADE, AND ECONOMIC DEVELOPMENT)) COMMERCE**

Local and Community Projects (20064008)

The reappropriation in this section is subject to the following conditions and limitations: (1) \$64,319 of the remaining reappropriation for El Centro de la raza may be used for building infrastructure. (2) \$10,000 of the remaining reappropriation for miracle league handicapped baseball may be used for pre-grading and resurfacing construction. (3) \$1,394,107 of the remaining reappropriation for MOBIUS/inland northwest science and technology center may be used for building design ((and)), construction, and renovation. (4) \$500,000 of the remaining reappropriation for the Soundway property preservation project may be used by the city of Seattle, in cooperation with the nature consortium for habitat, recreation improvements, or stewardship of the property, if the city of Seattle enacts pending city legislation to preserve the property and place it under the jurisdiction of city of Seattle parks and recreation. (5) The reappropriation is adjusted for the transfer of the Vancouver national historical reserve west

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barracks project to the Washington state historical society and the termination of the following projects that are no longer viable: (a) Snohomish senior center and (b) central area motivation program (CAMP).

Reappropriation:

State Building Construction Account--State.....	((-\$10,658,000))
	<u>\$9,258,000</u>
Prior Biennia (Expenditures).....	\$37,141,000
Future Biennia (Projected Costs) .....	\$0
<b>TOTAL</b> .....	<b>((-\$47,799,000))</b>
	<u>\$46,399,000</u>

**Sec. 1002.** 2009 c 497 s 1013 (uncodified) is amended to read as follows:

**FOR THE DEPARTMENT OF ((COMMUNITY, TRADE, AND ECONOMIC DEVELOPMENT)) COMMERCE**

Job and Economic Development Grants (20064950)

The ((re))appropriation in this section is subject to the following conditions and limitations:

(1) The ((re))appropriation is subject to the provisions of section 107, chapter 371, Laws of 2006.

(2) The ((re))appropriation is subject to the project list in section 107, chapter 371, Laws of 2006.

(3) Up to \$1,000,000 of the ((re))appropriation for the Pacific Northwest national labs campus infrastructure project is provided solely for giga-pop infrastructure.

(4) Up to \$2,200,000 of the ((re))appropriation is provided solely for military communities infrastructure projects. Military communities infrastructure projects shall include:

(a) Grants to counties and cities for the purchase of development easements and the purchase of real property in fee simple to restrict the use of accident potential zones and clear zones. The office of financial management shall establish a competitive process for selecting projects to receive the grants. Final allocation of these grants shall be at the discretion and with the approval of the director of the office of financial management.

The grants are subject to the following conditions:

(i) The county or city must be subject to and in compliance with RCW 36.70A.530;

(ii) The grants may not be used to remove encroachments into these zones allowed by county or city zoning or permitting actions;

(iii) The county or city must have an encroachment prevention plan preventing future encroachment into these zones; and

(iv) The grant provided by the state must not exceed one-third of the project cost with funds from local and federal sources providing the balance of the funds.

(b) Up to \$481,000 of the ((re))appropriation is provided solely for improvements to a military department site on Fairchild air force base.

Reappropriation:

Public Works Assistance Account--State.....	((-\$14,172,000))
	<u>\$1,733,000</u>

Appropriation:

State Building Construction Account--State .....	<u>\$12,439,000</u>
Prior Biennia (Expenditures).....	\$35,828,000
Future Biennia (Projected Costs) .....	\$0
<b>TOTAL</b> .....	<b>\$50,000,000</b>

**Sec. 1003.** 2009 c 497 s 1029 (uncodified) is amended to read as follows:

**FOR THE DEPARTMENT OF ((COMMUNITY, TRADE, AND ECONOMIC DEVELOPMENT)) COMMERCE**

Local and Community Projects (20084001)

The reappropriation in this section is subject to the following conditions and limitations:

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(1) The projects must comply with RCW 43.63A.125 and other requirements for community projects administered by the department.

(2) The reappropriation is subject to the provisions of section 1008, chapter 328, Laws of 2008.

(3) \$1,000,000 of the remaining reappropriation for the Evergreen school district health and biosciences academy may be used for land acquisition. If the facility is not constructed by June 30, 2015, the school district shall reimburse the state an amount equal to \$1,000,000 increased by the average percentage appreciation in property values for undeveloped land in the surrounding area between the date the school district acquired the property and June 30, 2015 or the date the school district disposes of the property.

(4) \$600,000 of the remaining reappropriation for the institute for community leadership may be used for land acquisition.

(5) \$250,000 of the remaining reappropriation for the Pacific Northwest ilocandia association may be used for acquisition and renovation.

(6) \$200,000 of the remaining reappropriation for the library connection at Greenbridge may be used for construction and equipment.

(7) \$1,000,000 of the remaining reappropriation for the Evergreen school district health and biosciences academy may be used for land acquisition.

(8) The remaining reappropriation for the Mobius/inland northwest science and technology center may be used for building design, construction, and renovation.

(9) The reappropriation is adjusted for the transfer of the Vancouver national historical reserve project to the Washington state historical society; the reduction of \$1,400,000 from the Tacoma narrows bridge lights project; and the termination of the following projects that are no longer viable: (a) Camp kilworth land acquisition - Federal Way, (b) Kitsap SEED, and (c) Seatac world war I memorial plaza.

Reappropriation:

State Building Construction Account--State.....	((-\$61,200,000))
	<u>\$56,650,000</u>

Prior Biennia (Expenditures).....\$71,694,000

Future Biennia (Projected Costs) .....\$0

<b>TOTAL</b> .....	<b>((-\$132,894,000))</b>
	<u>\$128,344,000</u>

**Sec. 1004.** 2009 c 497 s 1019 (uncodified) is amended to read as follows:

**FOR THE DEPARTMENT OF ((COMMUNITY, TRADE, AND ECONOMIC DEVELOPMENT)) COMMERCE**

Public Works Trust Fund (20074005)

Reappropriation:

Public Works Assistance Account--State.....	((-\$232,000,000))
	<u>\$132,000,000</u>

State Taxable Building Construction Account--

State \$95,000,000

Subtotal Reappropriation.....((-\$327,000,000))

\$227,000,000

Appropriation:

State Taxable Building Construction Account.....

State .....\$100,000,000

Prior Biennia (Expenditures).....\$0

Future Biennia (Projected Costs) .....\$0

**TOTAL** .....\$327,000,000

**Sec. 1005.** 2009 c 497 s 1023 (uncodified) is amended to read as follows:

**FOR THE DEPARTMENT OF ((COMMUNITY, TRADE, AND ECONOMIC DEVELOPMENT)) COMMERCE**

Job Development Fund Grants (20074010)

The ((re))appropriation in this section is subject to the following conditions and limitations:

(1) The ((re))appropriation is subject to the provisions of section 1032, chapter 520, Laws of 2007.

((The appropriation in this section is subject to the following conditions and limitations: The)) (2) \$3,000,000 of the appropriation is provided solely for a grant to the port of Grays Harbor for the bulk liquid facility project.

Reappropriation:

Job Development Account--State .....	<u>(((\$22,228,000)))</u>
	\$4,298,000

Appropriation:

((Job Development Account State .....	\$3,000,000))
---------------------------------------	---------------

State Building Construction Account--State.....	<u>\$20,930,000</u>
---	---------------------

Prior Biennia (Expenditures).....	\$24,702,000
-----------------------------------	--------------

Future Biennia (Projected Costs) .....	\$0
--	-----

TOTAL.....	\$49,930,000
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**Sec. 1006.** 2009 c 497 s 1030 (uncodified) is amended to read as follows:

**FOR THE DEPARTMENT OF ((COMMUNITY, TRADE, AND ECONOMIC DEVELOPMENT)) COMMERCE**

Community Development Fund (20084850)

The reappropriation in this section is subject to the following conditions and limitations:

(1) The reappropriation is subject to the provisions of section 1014, chapter 328, Laws of 2008.

(2) \$105,521 of the remaining reappropriation for El Centro de la raza center may be used for building infrastructure.

(3) \$1,000,000 of the remaining reappropriation for the Salishan housing community project may be used for infrastructure and housing.

(4) The reappropriation is adjusted for the termination of the homesight center project which is no longer viable.

Reappropriation:

State Building Construction Account--State.....	<u>(((\$9,715,000)))</u>
	\$9,465,000

Prior Biennia (Expenditures).....	\$11,451,000
-----------------------------------	--------------

Future Biennia (Projected Costs) .....	\$0
--	-----

TOTAL.....	<u>(((\$21,166,000)))</u>
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	\$20,916,000
--	--------------

**Sec. 1007.** 2009 c 497 s 1031 (uncodified) is amended to read as follows:

**FOR THE DEPARTMENT OF ((COMMUNITY, TRADE, AND ECONOMIC DEVELOPMENT)) COMMERCE**

Belfair Sewer Improvements (20084852)

Reappropriation:

State Building Construction Account--State.....	\$5,500,000
---	-------------

((Public Works Assistance Account State .....	\$4,800,000
---	-------------

<b>Subtotal Reappropriation .....</b>	<b><u>\$10,300,000))</u></b>
---------------------------------------	------------------------------

Appropriation:

State Building Construction Account--State.....	<u>\$4,800,000</u>
---	--------------------

Prior Biennia (Expenditures).....	\$0
-----------------------------------	-----

Future Biennia (Projected Costs) .....	\$0
--	-----

TOTAL.....	\$10,300,000
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**Sec. 1008.** 2009 c 497 s 1034 (uncodified) is amended to read as follows:

**FOR THE DEPARTMENT OF ((COMMUNITY, TRADE, AND ECONOMIC DEVELOPMENT)) COMMERCE**

Quillayute Valley Wood-Fire Boiler (20084858)

Reappropriation:

Energy Freedom Account--State.....	<u>(((\$1,000,000)))</u>
------------------------------------	--------------------------

	\$20,000
--	----------

Appropriation:

State Building Construction Account--State.....	<u>\$980,000</u>
---	------------------

Prior Biennia (Expenditures).....	\$0
-----------------------------------	-----

Future Biennia (Projected Costs) .....	\$0
--	-----

TOTAL ..... \$1,000,000

**Sec. 1009.** 2009 c 497 s 1035 (uncodified) is amended to read as follows:

**FOR THE DEPARTMENT OF ((COMMUNITY, TRADE, AND ECONOMIC DEVELOPMENT)) COMMERCE**

Snohomish County Biodiesel (20084859)

Reappropriation:

Energy Freedom Account--State.....	<u>(((\$500,000)))</u>
	\$419,000

Appropriation:

State Building Construction Account--State.....	<u>\$81,000</u>
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Prior Biennia (Expenditures).....	\$0
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Future Biennia (Projected Costs) .....	\$0
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TOTAL.....	\$500,000
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**Sec. 1010.** 2009 c 497 s 1039 (uncodified) is amended to read as follows:

**FOR THE DEPARTMENT OF ((COMMUNITY, TRADE, AND ECONOMIC DEVELOPMENT)) COMMERCE**

Drinking Water State Revolving Fund Loan Program (30000005)

Appropriation:

Drinking Water Assistance Account--State .....	<u>(((\$8,000,000)))</u>
	\$10,930,000

Drinking Water Assistance Repayment

Account--State .....	\$31,201,000
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<b>Subtotal Appropriation.....</b>	<b><u>(((\$39,201,000)))</u></b>
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	\$42,131,000
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Prior Biennia (Expenditures).....	\$0
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Future Biennia (Projected Costs) .....	\$215,974,000
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TOTAL.....	<u>(((\$255,175,000)))</u>
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	\$258,105,000
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**Sec. 1011.** 2009 c 497 s 1040 (uncodified) is amended to read as follows:

**FOR THE DEPARTMENT OF ((COMMUNITY, TRADE, AND ECONOMIC DEVELOPMENT)) COMMERCE**

Building for the Arts Grants (30000006)

The appropriation in this section is subject to the following conditions and limitations:

(1) Projects must be selected based on their readiness to proceed.

(2) The appropriation is provided solely for the following list of projects:

Admiral Theatre-No Theatre Left	\$140,000
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Behind ((Artspace Everett Lofts))	<u>\$1,000,000))</u>
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Building a Foundation for Discovery	\$250,000
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Campus Consolidation (Cornish)	\$375,000
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Convert Key Bank to Everett's Plaza	\$500,000
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Theatre	
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Cottage Renovation (Hedgebrook)	\$20,000
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Downstairs at the 5th	\$800,000
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Federal Way Performing Arts Center	\$325,000
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Gateway Center (Lummi)	\$150,000
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James Center for the Performing Arts	\$150,000
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(Sequim)	
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Langston Hughes Performing Arts	\$475,000
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Center	
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Legacy Project (Imagine)	\$200,000
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Modular Classrooms for Dance (Gladish)	\$30,000
Mt. Baker Theatre	\$1,000,000
Museum Expansion (Maryhill)	\$1,500,000
New Hands On Children's Museum	\$1,000,000
Reconstruction of First Stage (Issaquah)	\$400,000
Seattle Opera Center	\$650,000
Stage Two (Whidbey)	\$450,000
Vashon Arts Center	\$1,115,000
Visual Arts Education Center (Snohomish County)	\$1,000,000
Viva Vera Capital Campaign	\$70,000
 Total	 (( <u>\$11,600,000</u> ))
Appropriation:	 <u>\$10,600,000</u>
State Building Construction Account--State.....	<u>(((\$11,600,000)))</u>
Prior Biennia (Expenditures).....	<u>\$10,600,000</u>
Future Biennia (Projected Costs) .....	<u>\$48,000,000</u>
TOTAL .....	<u>(((\$59,600,000)))</u>
	<u> \$58,600,000</u>

**Sec. 1012.** 2009 c 497 s 1045 (uncodified) is amended to read as follows:

**FOR THE DEPARTMENT OF ((COMMUNITY, TRADE,  
AND ECONOMIC DEVELOPMENT)) COMMERCE**

Housing Assistance, Weatherization, and Affordable Housing (30000013)

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

(1) \$7,000,000 of the appropriations is provided solely for facilities housing low-income migrant, seasonal, or temporary farmworkers. The operation of the facilities built under this section shall be in compliance with 8 U.S.C. Sec. 1342. The department shall work with the farmworker housing advisory committee to prioritize funding of projects to the areas of highest need. Funding may also be provided, to the extent qualified projects are submitted, for health and safety projects. Any of this appropriation that is not obligated by June 30, 2011, shall be added to the amount appropriated for the general pool of projects.

(2) \$3,000,000 of the appropriations is provided solely to promote development of safe and affordable housing units for persons eligible for services from the division of developmental disabilities within the department of social and health services.

(3) \$10,000 of the appropriations is provided solely to the ((Ballard food bank/Ballard homes for all coalition)) St. Luke's Lutheran Church/Interfaith Task Force on Homelessness for the construction of a mobile camp facility.

(4) \$2,500,000 of the appropriations is provided solely for the development of farm infrastructure improvements. Any of this appropriation that is not obligated by June 30, 2011, must be added to the amount appropriated for the general pool of projects.

(5) \$1,000,000 from the taxable bonds account is provided solely for the development or preservation of farmworker housing for migrant and seasonal farmworkers located on private farms.

(6) \$5,000,000 of the appropriation from the state building construction account is provided solely to build low-income housing units in underserved communities and to concurrently develop capacity in these same communities. Underserved communities of concern are those that have high levels of poverty, specifically, thirty percent of the local median income; experience chronic homelessness; and lack affordable housing. Underserved communities include veterans, immigrants, refugees, and those communities of color disproportionately impacted by chronic homelessness and lack of affordable housing. The department shall collaborate with representatives of underserved communities and organizations committed to assistance in these efforts to prioritize and plan distribution of funding.

(7) The department may not make loans from capital bond proceeds appropriated in this section if the appropriations are also obligated for other grants or loans or if the anticipated repayments of the loans are from future state legislative appropriations.

(8) The legislature recognizes and supports the housing priorities reflected in the American recovery and reinvestment act of 2009 with the estimated amount of \$144,000,000 provided solely for the following programs:

(a) The community development fund's neighborhood stabilization fund to purchase and rehabilitate foreclosed vacant properties and to help create affordable housing and stabilize neighborhoods.

(b) The public housing capital fund to assist housing authorities build and rehabilitate low-income housing stock. Housing authorities are required to give priority consideration to the rehabilitation of vacant rental units and capital projects that are already underway or included in the five-year capital fund plans.

(c) HOME funding to the Washington state housing finance commission for a competitive program pursuant to the qualified allocation plan to owners of projects who have received or receive simultaneously an award of low-income housing tax credits under section 42(h) of the internal revenue code of 1986.

(d) Weatherization appropriated in section 1052 of this act for grants and loans to local energy programs for weatherization of multifamily and single family homes.

(9) \$5,000,000 is provided solely for two geographically diverse projects that serve security lifeline clients who are homeless and have a mental or behavioral health disorder. This housing must be provided in coordination with community agencies who can offer supportive services.

(10) Up to \$25,000,000 of the appropriation is for the department of commerce to contract with the Washington state housing finance commission to provide equity funding and administration necessary to implement the Washington works housing program and to facilitate nonprofit entities' use of tax-exempt multifamily bonds issued by the Washington state housing finance commission. The projects receiving these funds shall meet the affordability requirement for the period after initial bond indebtedness, as established in section 2(2) of chapter 6, Laws of 2010.

Appropriation:

State Building Construction Account--State.....	<u>(((\$30,000,000)))</u>
	<u>\$34,500,000</u>
State Taxable Building Construction Account--State .....	<u>(((\$60,000,000)))</u>
	<u>\$85,500,000</u>
Washington Housing Trust Account--State .....	<u>\$10,000,000</u>
Subtotal Appropriation.....	<u>(((\$100,000,000)))</u>
	<u>\$130,000,000</u>
Prior Biennia (Expenditures).....	<u>\$0</u>
Future Biennia (Projected Costs) .....	<u>\$400,000,000</u>
TOTAL .....	<u>(((\$500,000,000)))</u>

**\$530,000,000**

**Sec. 1013.** 2009 c 497 s 1046 (uncodified) is amended to read as follows:

**FOR THE DEPARTMENT OF ((COMMUNITY, TRADE, AND ECONOMIC DEVELOPMENT)) COMMERCE**

Community Schools (91000002)

The appropriation in this section is subject to the following conditions and limitations: The appropriation in this section is provided solely for the following:

(1) The acquisition, rehabilitation, expansion, or improvement of surplus school buildings to be converted into community facilities for the delivery of nonresidential coordinated services for children and families.

(a) Eligible applicants include local governments, nonprofit organizations, nonprofit early learning providers, and tribal governments. Only the following surplus schools may be eligible for grant funding under this section: Fauntleroy school, University Heights school, and Martin Luther King elementary school.

(b) As part of the grant process, applicants must submit a comprehensive plan for the use of the surplus school that includes information on the following:

(i) A list of partner entities that will assist the lead eligible applicant to provide or coordinate services for children and families;

(ii) A memorandum of understanding between the lead eligible applicant and each partner; and

(iii) An examination of capital and operating funding sources that applicants intend to apply to the project and coordinated services at each school to be served, whether such funding is derived from grants under this section or from other federal, state, local, or private sources.

(c) Project applicants must demonstrate that the proposed project is ready to proceed, will make timely use of the funds, and requires state funding to accomplish a discrete, usable phase of the project that may include acquisition.

(d) If grant funds under this subsection are used for the acquisition of surplus school facilities, the sale proceeds must be used by the local school board disposing of such property for renovation, replacement, or new construction of school facilities in the district, but shall not be used as local match for projects receiving state school construction assistance grants.

(e) In contracts for grants authorized under this subsection, the department shall include provisions that require that capital improvements must be held by the grantee for a specified period of time appropriate to the amount of the grant and that facilities must be used for the express purpose of the grant. If the grantee is found to be out of compliance with provisions of the contract, the grantee shall repay to the state general fund the principal amount of the grant plus interest calculated at the rate of interest on state of Washington general obligation bonds issued most closely to the date of authorization of the grant.

(2) The construction of a non-mobile facility, accessible to students in central and eastern Washington for the purpose of financial literacy education, for the eastern and western Washington junior achievement world initiative.

(3) \$1,500,000 of the appropriation in this section is provided solely for acquisition of the Martin Luther King elementary school. This is in addition to the amount provided for the Martin Luther King elementary school in section 1033, chapter 497, Laws of 2009.

Appropriation:

State Building Construction Account--State .....	<u>((-\$5,000,000))</u>
	<u>\$6,500,000</u>
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs) .....	\$0
TOTAL .....	<u>((-\$5,000,000))</u>
	<u>\$6,500,000</u>

**Sec. 1014.** 2009 c 497 s 1048 (uncodified) is amended to read as follows:

**FOR THE DEPARTMENT OF ((COMMUNITY, TRADE, AND ECONOMIC DEVELOPMENT)) COMMERCE**

Local and Community Projects (30000019)

The appropriation in this section is subject to the following conditions and limitations:

(1) Prior to receiving funds, project recipients must demonstrate that the project site is under control for a minimum of ten years, either through ownership or a long-term lease. This requirement does not apply to appropriations for preconstruction activities or appropriations whose sole purpose is to purchase real property that does not include a construction or renovation component.

(3) Projects funded in this section may be required to comply with Washington's high performance building standards as required by chapter 39.35D RCW.

(4) Project funds are available on a reimbursement basis only, and shall not be advanced under any circumstances.

(5) Projects funded in this section must be held by the recipient for a minimum of ten years and used for the same purpose or purposes intended by the legislature as required in RCW 43.63A.125(2)(c).

(6) Projects funded in this section, including those that are owned and operated by nonprofit organizations, are generally required to pay state prevailing wages.

(7) Except as directed otherwise prior to the effective date of this section, the department shall not expend the appropriations in this section unless and until the nonstate share of project costs have been either expended, or firmly committed, or both, in an amount sufficient to complete the project or a distinct phase of the project that is useable to the public for the purpose intended by the legislature.

(8) The appropriation is provided solely for the following list of projects:

**Local Community Projects**

7th St. Theater	\$330,000
Arc of Tri-Cities	\$900,000
Bellevue Clinic--Seattle Children's Hospital	\$2,000,000
Blessed Sacrament Food and Emergency Facilities Renovation	\$200,000
Children's Village Expansion Project	\$500,000
Clark County Food Distribution Facility	\$1,500,000
Coal Creek YMCA (Newcastle)	\$800,000
Dawson Place Child Advocacy Center	\$1,000,000
Federal Way National Little League Field Lighting Project and Monument Entry Sign	\$177,000
Harlequin Theater	\$235,000
Home Dialysis Center and Professional Workforce Training	\$250,000
Kirkland Park Place Redevelopment	\$2,000,000
Livingston Baker Fire and Life Safety	\$750,000

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Marshland Diking District	\$500,000
Marysville Boys & Girls Club	\$500,000
McClure Middle School Energy Saving Performance Contract Demonstration Project Mountains to Sound Greenway	\$1,000,000
Mukilteo Boys & Girls Club	\$100,000
	\$150,000
Neighborcare Health Clinic and Rainier Beach Medical Clinic	\$1,000,000
Parkland at Japanese Gulch	\$1,000,000
Petrovitsky Park Upgrade	\$750,000
Phoenix House	\$200,000
Poulsbo Marine Center	\$500,000
Public Broadcasting Frequency Expansion	\$223,000
((Ready by Five Early Learning Center	\$1,000,000))
Renovations to Mill Creek City Annex Building	\$30,000
Snohomish County Emergency Center	\$1,000,000
South Tacoma Community Center	\$1,000,000
Whatcom Hospice House	\$700,000
Zina Linnik	\$950,000
Appropriation:	
State Building Construction Account--State .....	<u>(\$21,245,000)</u>
	<u>\$20,245,000</u>
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs) .....	\$0
TOTAL .....	<u>(((\$21,245,000))</u>
	<u>\$20,245,000</u>

**NEW SECTION. Sec. 1015.** A new section is added to 2009 c 497 (uncodified) to read as follows:

#### FOR THE DEPARTMENT OF COMMERCE

2010 Local and Community Projects (30000082)

The appropriation in this section is subject to the following conditions and limitations:

(1) Prior to receiving funds, project recipients must demonstrate that the project site is under control for a minimum of ten years, either through ownership or a long-term lease. This requirement does not apply to appropriations for preconstruction activities or appropriations whose sole purpose is to purchase real property that does not include a construction or renovation component.

(2) Projects funded in this section may be required to comply with Washington's high performance building standards as required by chapter 39.35D RCW.

(3) Project funds are available on a reimbursement basis only, and shall not be advanced under any circumstances.

(4) Projects funded in this section must be held by the recipient for a minimum of ten years and used for the same purpose or purposes intended by the legislature as required in RCW 43.63A.125(6).

(5) Projects funded in this section, including those that are owned and operated by nonprofit organizations, are generally required to pay state prevailing wages.

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(6) Except as directed otherwise prior to the effective date of this section, the department shall not expend the appropriations in this section unless and until the nonstate share of project costs have been either expended, or firmly committed, or both, in an amount sufficient to complete the project or a distinct phase of the project that is useable to the public for the purpose intended by the legislature.

(7) The appropriation is provided solely for the following list of projects:

#### Local Community Projects

Aviation High School	\$2,000,000
Children's Village Expansion	\$250,000
East King County Performing Arts Center (PACE)	\$2,000,000
Hanford Reach Interpretive Center	\$500,000
Junior Achievement (Statewide JA World Initiative)	\$1,500,000
Lake Boren Park - Replace Unsafe Playground	\$325,000
Museum of Flight Space Gallery	\$3,000,000
Pike Market Workforce Childcare Facility	\$1,000,000
Rainier Beach Medical & Dental Clinic (Neighborcare Health)	\$500,000
Relocation of NAVES Mental Health Center in Brier	\$1,000,000
Restoration of Historic Piciform Theater	\$250,000
San Juan Island Farmers Market - Purchase Historic Building	\$375,000
South King County Multi service Center	\$300,000
Spokane Aerospace Technology Center Design	\$400,000
Urban League Village at Colman School/NW African American Museum	\$100,000
West Hill/Skyway Area Infrastructure	\$250,000

Appropriation:

State Building Construction Account--State .....	\$13,750,000
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs) .....	\$0
TOTAL .....	\$13,750,000

**NEW SECTION. Sec. 1016.** A new section is added to 2009 c 497 (uncodified) to read as follows:

#### FOR THE DEPARTMENT OF COMMERCE

Jobs Act for K-12 Public Schools and Higher Education Institutions (91000085)

The appropriation in this section is subject to the following conditions and limitations:

(1) The appropriation is provided solely for grants to public school districts and public higher education institutions for operational cost savings improvements to public school district and higher education facilities and related projects that result in energy and operational cost savings. Related projects are those projects that must be completed in order for the energy efficiency improvements to be effective. Grants may also be used for loan interest payments over the term of a loan.

(2) The department of commerce, in consultation with the department of general administration, the office of the superintendent of public instruction, and the Washington State

University energy program shall establish a competitive process to solicit and evaluate applications from public school districts and public higher education institutions. Final grant awards shall be determined by the department of commerce.

(3) The definitions in this section apply throughout this section.

(a) "Cost-effectiveness" means that the present value to public school districts and public higher education institutions of the energy reasonably expected to be saved or produced by a facility, activity, measure, or piece of equipment over its useful life, including any compensation received from a utility or the Bonneville power administration, is greater than the net present value of the costs of implementing, maintaining, and operating such facility, activity, measure, or piece of equipment over its useful life, when discounted at the cost of public borrowing.

(b) "Energy equipment" means energy management systems and any equipment, materials, or supplies that are expected, upon installation, to reduce the energy use or energy cost of an existing building or facility, and the services associated with the equipment, materials, or supplies, including but not limited to design, engineering, financing, installation, project management, guarantees, operations, and maintenance. Reduction in energy use or energy cost may also include reductions in the use or cost of water, wastewater, or solid waste.

(c) "Energy cost savings" means savings realized in expenses for energy use and expenses associated with water, wastewater, or solid waste systems.

(d) "Energy savings performance contracting" means the process authorized by chapter 39.35C RCW by which a company contracts with a public agency to conduct energy audits and guarantee energy savings from energy efficiency.

(e) "Operational cost savings" means savings realized from parts, service fees, capital renewal costs, and other measurable annual expenses to maintain and repair systems. This definition does not mean labor savings related to existing facility staff.

(f) "Public facilities" means buildings, building components, and major equipment or systems owned by public school districts and public higher education institutions.

(g) "Innovative measures" means advanced or emerging technologies, systems or approaches that may not yet be in common practice but improve energy efficiency, accelerate deployment, or reduce energy usage, and become widely commercially available in the future if proven successful in demonstration programs without compromising the guaranteed performance or measurable energy and operational cost savings anticipated. Examples of innovative measures include, but are not limited to, advanced energy and systems operations monitoring, diagnostics and controls systems for buildings; novel heating, cooling, ventilation and water heating systems; advanced windows and insulation technologies, highly efficient lighting technologies, designs, and controls; and integration of renewable energy sources into buildings, and energy savings verification technologies and solutions.

(4) Grants must be awarded in competitive rounds, based on demand and capacity, with at least five percent of each grant round awarded to small public school districts with fewer than 1,000 full-time equivalent students, based on demand and capacity.

(5) Within each competitive round, projects must be weighted and prioritized based on the following criteria and in the following order:

(a) Leverage ratio: In each round, the higher the leverage ratio of nonstate funding sources to state jobs act grant, the higher the project ranking.

(b) Energy savings: In each round, the higher the energy savings, the higher the project ranking. Applicants must submit documentation that demonstrates energy and operational cost savings resulting from the installation of the energy equipment and improvements. The energy savings analysis shall be performed by

a licensed engineer, and the documentation must include but is not limited to the following:

(i) A description of the energy equipment and improvements;

(ii) A description of the energy and operational cost savings; and

(iii) A description of the extent to which the project employs collaborative and innovative measures and encourages demonstration of new and emerging technologies with high energy-savings or energy cost-reductions.

(c) Expediency of expenditure: Project readiness to spend funds must be prioritized so that the legislative intent to expend funds quickly is met.

(6) Projects that do not use energy savings performance contracting must: (a) Verify energy and operational cost savings for ten years or until the energy and operational costs savings pay for the project, whichever is shorter; (b) follow the department of general administration's energy savings performance contracting project guidelines; and (c) employ a licensed engineer for the energy audit and construction. The department of commerce may require third-party verification of savings if a project is not implemented by an energy savings performance contractor selected by the department of general administration through the request of qualifications process. Third-party verification must be conducted either by an energy savings performance contractor selected by the department of general administration through a request for qualifications, a licensed engineer that is a certified energy manager, a project resource conservation manager, or educational service district resource conservation manager.

(7) To intensify competition, the department of commerce may only award funds to the top eighty-five percent of projects applying in a round until the department of commerce determines a final round is appropriate. Projects that do not receive a grant award in one round may reapply in subsequent rounds.

(8) To match federal grants and programs that require state matching funds and produce significantly higher efficiencies in operations and utilities, the level of innovation criteria may be increased for the purposes of weighted scoring to capture those federal dollars for selected projects that require a higher level of innovation and regional collaboration.

(9) Grant amounts awarded to each project must allow for the maximum number of projects funded with the greatest energy and cost benefit.

(10)(a) The department of commerce must use bond proceeds to pay one-half of the preliminary audit, up to five cents per square foot, if the project does not meet the school district's and higher education institution's predetermined cost-effectiveness criteria. Public school districts and public higher education institutions must pay the other one-half of the cost of the preliminary audit if the project does not meet their predetermined cost-effectiveness criteria.

(b) The energy savings performance contractor shall not charge for an investment grade audit if the project does not meet the school district's and higher education institution's predetermined cost-effectiveness criteria. Public school districts and public higher education institutions must pay the full price of an investment grade audit if they do not proceed with a project that meets the school district's and higher education institution's predetermined cost-effectiveness criteria.

(11) The department of commerce may charge projects administrative fees and may pay the department of general administration, the Washington State University energy program, and the office of the superintendent of public instruction administration fees in an amount determined through a memorandum of understanding.

(12) The department of commerce and the department of general administration must submit a joint report to the appropriate committees of the legislature and the office of financial

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management on the timing and use of the grant funds, program administrative function, compliance with apprenticeship utilization requirements in RCW 39.04.320, compliance with prevailing wage requirements, and administration fees by the end of each fiscal year, until the funds are fully expended and all savings verification requirements are fulfilled.

**Appropriation:**

State Building Construction Account--State .....	\$50,000,000
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs) .....	\$0
<b>TOTAL</b> .....	<b>\$50,000,000</b>

**NEW SECTION. Sec. 1017.** A new section is added to 2009 c 497 (uncodified) to read as follows:

**FOR THE DEPARTMENT OF COMMERCE**

Energy Regional Innovation Cluster Match (91000080)

The appropriation in this section is subject to the following conditions and limitations: The appropriation is provided solely to support facilities to be located in Washington state to increase the competitiveness of state or regional proposals for federal energy innovation and research funding. State funding must not exceed twenty percent of the total program or project funds. If a Washington state research organization is not awarded federal funding for energy innovation and research by June 30, 2011, the remaining appropriation in this section may be allotted for export assistance as provided in section 1018 of this act.

**Appropriation:**

Public Facility Construction Loan Revolving Account—State.....	\$5,500,000
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs) .....	\$0
<b>TOTAL</b> .....	<b>\$5,500,000</b>

**NEW SECTION. Sec. 1018.** A new section is added to 2009 c 497 (uncodified) to read as follows:

**FOR THE DEPARTMENT OF COMMERCE**

CERB - Export Assistance Grants and Loans (92000069)

The appropriation in this section is subject to the following conditions and limitations: The appropriation is provided solely for loans and grants to local governments and public institutions of higher education for technical assistance and infrastructure to support growth of export of Washington state products and services.

**Appropriation:**

Public Facility Construction Loan Revolving Account--State .....	\$3,000,000
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs) .....	\$0
<b>TOTAL</b> .....	<b>\$3,000,000</b>

**Sec. 1019.** 2009 c 497 s 1054 (uncodified) is amended to read as follows:

**FOR THE OFFICE OF FINANCIAL MANAGEMENT**

Cowlitz River Dredging (20082856)

**Reappropriation:**

State Building Construction Account--State .....	\$313,000
<b>Appropriation:</b>	
State Building Construction Account--State .....	<u>\$500,000</u>
Prior Biennia (Expenditures).....	\$687,000
Future Biennia (Projected Costs) .....	\$0
<b>TOTAL</b> .....	<u>(\$1,000,000)</u> <u>\$1,500,000</u>

**Sec. 1020.** 2009 c 497 s 1055 (uncodified) is amended to read as follows:

**FOR THE OFFICE OF FINANCIAL MANAGEMENT**

Catastrophic Flood Relief (20084850)

The reappropriation in this section is subject to the following conditions and limitations:

(1) \$1,640,000 of the reappropriation is provided solely for

nonfederal matching funds and state agency costs associated with the army corps of engineers flood hazard mitigation projects for the Chehalis river basin.

(2) \$1,200,000 of the total reappropriation is provided solely for the Chehalis basin flood control authority to develop governance agreements for development, operation, and maintenance of flood hazard mitigation measures throughout the basin. The development of the governance agreements shall include preliminary estimates of local property tax options necessary to support the maintenance and operation of the twin city levy project and tax options necessary to support other possible flood control measures throughout the basin. The agreements must be executed by July 1, 2011.

(3)(a) \$2,000,000 of the reappropriation is provided solely for the following studies of flood mitigation measures: (i) Studies contracted prior to the effective date of this act; (ii) a study to evaluate the feasibility of a combination of the United States' army corps of engineers twin city project, with other retention structures, and nonstructural flood mitigation measures to be completed by June 30, 2011; (iii) a study to determine how ecosystem services, including nonstructural alternatives, would likely mitigate downstream flooding to be completed by December 2010; (iv) continuation of the general investigation of basin wide flood control measures by the United States' army corps of engineers; (v) an independent peer review of completed geotechnical and hydrological studies of possible upper basin retention structures to be completed by October 2010; (vi) a study of the effect of possible retention structures and other flood control measures on fish in the basin to be completed by June 2011, provided that the fish study shall not examine options for retention structures that the peer review in this section determines is not feasible.

(b) From the effective date of this act and prior to any expenditure on new studies, the Chehalis basin flood authority must submit any new study proposal to the basinwide general investigation project manager of the United States army corps of engineers for review. Based upon the United States army corps of engineers review of the proposal, the Chehalis basin flood authority must develop a proposed scope of work for the study that ensures, to the fullest extent possible, that the study will be eligible for federal work-in-kind credit.

(c) The Chehalis basin flood authority must: (i) In consultation with the department of ecology, select qualified experts to conduct the peer review of geotechnical and hydrological studies; and (ii) consult with the Washington state department of fish and wildlife, the confederated tribes of the Chehalis reservation, and the Lewis county public utility district to develop and agree upon a scope of work for, and select a qualified expert to, conduct the fish study. The peer review must be submitted to the office of financial management before funds are allotted for the fish study.

(4) \$300,000 of the reappropriation is provided solely for an early flood warning system.

(5) It is the intent of the legislature to fulfill the commitment of section 101, chapter 179, Laws of 2008 and chapter 180, Laws of 2008, by appropriating funds when the federal match requirement is needed.

**Reappropriation:**

State Building Construction Account--State .....	(((\$47,351,000)) \$5,140,000
Prior Biennia (Expenditures).....	(((\$2,649,000)) \$3,450,000
Future Biennia (Projected Costs) .....	(((\$0)) \$41,410,000
<b>TOTAL</b> .....	<b>\$50,000,000</b>

**NEW SECTION. Sec. 1021.** A new section is added to 2009 c 497 (uncodified) to read as follows:

## **FOR THE OFFICE OF FINANCIAL MANAGEMENT**

Risk Pool (91000001)

The appropriation in this section is subject to the following conditions and limitations: The appropriation is provided solely for a risk pool to complete projects within the scope described in budget documents submitted as part of the governor's capital budget request and consistent with legislative history. This section only applies to projects included in this 2010 supplemental capital budget with reduced appropriations. The office of financial management may allot portions of this appropriation ten days after notifying the senate ways and means committee and the house of representatives capital budget committee. The notification must include an explanation of the need and the amount for the allotment to complete the scope of an approved project.

Appropriation:

State Building Construction Account--State .....	\$4,000,000
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs) .....	\$0
<b>TOTAL .....</b>	<b>\$4,000,000</b>

**NEW SECTION. Sec. 1022.** A new section is added to 2009 c 497 (uncodified) to read as follows:

## **FOR THE OFFICE OF FINANCIAL MANAGEMENT**

Port Angeles Economic Development Agreement (30000024)

The appropriation in this section is subject to the following conditions and limitations: The appropriation is provided solely to carry out paragraph 2.C. of the economic development agreement associated with the case of *Lower Elwha Klallam Tribe et al v. State et al*, Thurston county superior court, cause No. 05-2-01595-8. The state has already provided \$250,000 to carry out that paragraph. After disbursement of the appropriation in this section, the state will provide no further funding under the economic development agreement.

Appropriation:

State Building Construction Account--State .....	\$250,000
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs) .....	\$0
<b>TOTAL .....</b>	<b>\$250,000</b>

**NEW SECTION. Sec. 1023.** A new section is added to 2009 c 497 (uncodified) to read as follows:

## **FOR THE OFFICE OF FINANCIAL MANAGEMENT.** (1)

Due to the downturn of the economy and the direct effects on the state bond debt limit, the legislature intends to reduce bond debt while focusing resources on maintaining and creating jobs. Therefore, the legislature directs the office of financial management to work with state agencies to achieve savings in the amount of \$50,000,000 by reducing previously approved allotments or by withholding approval of planned allotments for those projects that have not shown substantial progress under the criteria established in subsection (2) of this section or from projects with savings identified pursuant to section 6012 of this act.

(2) A project is subject to allotment reduction or non-approval of a planned allotment under this section if:

- (a)(i) It is a state project administered by a state agency; or
- (ii) It is a grant or a loan project for which a state agency allocates funding to a non-state entity;

(b) Appropriations for the project were made in the 2009-11 or previous omnibus capital appropriations acts from the state building construction account, state taxable building construction account, or any other debt limit bond account, not including projects receiving 2010 supplemental capital budget appropriations, minor works projects, or the school construction assistance grant program; and

(c) The project has failed to secure all required and appropriate transaction elements necessary to execute contracts with the administering state agency by November 30, 2010. Required and appropriate transaction elements may include, but are not limited to,

matching funds, permits, environmental reviews, and required contracts and partnership agreements.

(3) Amounts attributable to allotment reductions or non-approval of planned allotments made under this section must be placed in or remain in unallotted status and remain unexpended.

(4) By December 31, 2010, the office of financial management must report to the house of representatives capital budget committee and the senate ways and means committee on the projects for which allotments were reduced or for which approval was withheld, including a list of the specific projects and related funds remaining in unallotted status.

(5) Agencies and prospective grant or loan recipients are encouraged to reapply or request funds in the 2011-13 biennial capital appropriations act for projects for which allotments were reduced or not approved under this section.

**Sec. 1024.** 2009 c 497 s 1065 (uncodified) is amended to read as follows:

## **FOR THE DEPARTMENT OF GENERAL ADMINISTRATION**

O'Brien Building Improvements (20081007)

The appropriation in this section is subject to the following conditions and limitations: Upon completion of the project, temporary modular buildings shall be removed, and the parking lot shall be restored and landscaped within budget.

Reappropriation:

State Building Construction Account--State .....\$1,500,000  
Appropriation:

State Building Construction Account--State .....	((9,671,000))
	<u>\$8,220,000</u>
Prior Biennia (Expenditures).....	\$1,481,000
Future Biennia (Projected Costs) .....	((5,329,000))
<b>TOTAL .....</b>	<b>\$0</b>
	<u>((17,981,000))</u>
	<u>\$11,201,000</u>

**Sec. 1025.** 2009 c 497 s 1071 (uncodified) is amended to read as follows:

## **FOR THE DEPARTMENT OF GENERAL ADMINISTRATION**

Capital Lake Plan Completion (20082953)

The reappropriation in this section is subject to the following conditions and limitations: The reappropriation is provided for lake management efforts to control invasive species. The Capital Lake adaptive management planning process must be suspended.

Reappropriation:

State Building Construction Account--State .....	((200,000))
	<u>\$100,000</u>
Prior Biennia (Expenditures).....	\$300,000
Future Biennia (Projected Costs) .....	\$0
<b>TOTAL .....</b>	<b>((500,000))</b>
	<u>\$400,000</u>

**Sec. 1026.** 2009 c 497 s 1075 (uncodified) is amended to read as follows:

## **FOR THE DEPARTMENT OF GENERAL ADMINISTRATION**

Powerhouse: Improvements and Preservation (30000056)

Appropriation:

State Building Construction Account--State .....	((1,459,000))
	<u>\$1,240,000</u>
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs) .....	\$0
<b>TOTAL .....</b>	<b>((1,459,000))</b>
	<u>\$1,240,000</u>

**Sec. 1027.** 2009 c 497 s 1060 (uncodified) is amended to read as follows:

## **FOR THE DEPARTMENT OF GENERAL ADMINISTRATION**

TWENTY NINTH DAY, APRIL 12, 2010

Transportation Building Preservation (20021008)

Reappropriation:

Thurston County Capital Facilities Account--State(\$2,500,000)  
\$395,000Appropriation:

State Building Construction Account--State .....	\$2,105,000
Prior Biennia (Expenditures).....	\$7,116,000
Future Biennia (Projected Costs) .....	\$22,706,000
TOTAL .....	\$32,322,000

**Sec. 1028.** 2009 c 497 s 1061 (uncodified) is amended to read as follows:**FOR THE DEPARTMENT OF GENERAL ADMINISTRATION**

Highway-License Building Repair and Renewal (20061013)

Reappropriation:

Thurston County Capital Facilities Account--State (\$100,000)  
\$76,000Appropriation:

State Building Construction Account--State .....	\$24,000
Prior Biennia (Expenditures).....	\$3,423,000
Future Biennia (Projected Costs) .....	\$0
TOTAL .....	\$3,523,000

**Sec. 1029.** 2009 c 497 s 1063 (uncodified) is amended to read as follows:**FOR THE DEPARTMENT OF GENERAL ADMINISTRATION**

Natural Resources Building Repairs and Renewal (20061014)

Reappropriation:

State Vehicle Parking Account--State.....\$30,000  
Thurston County Capital Facilities Account--State (\$100,000)  
\$22,000Subtotal Reappropriation .....(((\$130,000))  
\$52,000Appropriation:

State Building Construction Account--State .....	\$78,000
Prior Biennia (Expenditures).....	\$2,853,000
Future Biennia (Projected Costs) .....	\$4,520,000
TOTAL .....	\$7,503,000

**Sec. 1030.** 2009 c 497 s 1064 (uncodified) is amended to read as follows:**FOR THE DEPARTMENT OF GENERAL ADMINISTRATION**

Minor Works - Infrastructure Preservation (20081004)

Reappropriation:

(Thurston County Capital Facilities Account - State \$136,000)  
State Building Construction Account--State.....\$584,000

((Subtotal Reappropriation .....\$720,000))

Appropriation:

State Building Construction Account--State .....	\$136,000
Prior Biennia (Expenditures).....	\$4,401,000
Future Biennia (Projected Costs) .....	\$0
TOTAL .....	\$5,121,000

**Sec. 1031.** 2009 c 497 s 1068 (uncodified) is amended to read as follows:**FOR THE DEPARTMENT OF GENERAL ADMINISTRATION**

Minor Works - Facility Preservation (20081015)

Reappropriation:

State Building Construction Account--State.....\$380,000  
(Thurston County Capital Facilities Account - State..\$723,000

Subtotal Reappropriation .....\$1,103,000))

Appropriation:

State Building Construction Account--State .....	\$723,000
Prior Biennia (Expenditures).....	\$5,583,000
Future Biennia (Projected Costs) .....	\$0

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TOTAL .....\$6,686,000

**Sec. 1032.** 2009 c 497 s 1073 (uncodified) is amended to read as follows:**FOR THE DEPARTMENT OF GENERAL ADMINISTRATION**

Minor Works Preservation (30000012)

Appropriation:

State Building Construction Account--State .....(((\$2,800,000))  
\$3,400,000

Prior Biennia (Expenditures).....\$0

Future Biennia (Projected Costs) .....\$34,109,000

TOTAL .....(((\$36,909,000))

\$37,509,000

**NEW SECTION.** **Sec. 1033.** A new section is added to 2009 c 497 (uncodified) to read as follows:**FOR THE DEPARTMENT OF GENERAL ADMINISTRATION**

Capitol Campus Heating System Improvements (30000486)

Appropriation:

State Building Construction Account--State .....\$200,000

Prior Biennia (Expenditures).....\$0

Future Biennia (Projected Costs) .....\$1,800,000

TOTAL .....\$2,000,000

**Sec. 1034.** 2009 c 497 s 1081 (uncodified) is amended to read as follows:**FOR THE DEPARTMENT OF GENERAL ADMINISTRATION**

Pro Arts Building (91000002)

((The appropriation in this section is subject to the following conditions and limitations: Predesign and design funds are provided solely to develop a new office building. Up to \$225,000 may be used to develop the predesign for the Pro Arts site to include a new office building that may house tenants from the general administration building including the office of financial management, the Puget Sound partnership, the office of the state treasurer, and other small commissions and agencies. The predesign shall be developed with representatives from the capitol campus design advisory committee, the department of general administration, and the office of financial management. The predesign shall be used to develop the optimum use of space for the Pro Arts site, identify any required mitigation, parking requirements, schedule of construction, and cost of construction. The predesign shall be provided to the appropriate fiscal committees of the legislature and the office of financial management by February 1, 2010. The allotment for design funds will be made after the predesign is approved by the office of financial management and the appropriate fiscal committees of the legislature.))

Appropriation:

State Building Construction Account--State .....(((\$2,000,000))

\$225,000

Prior Biennia (Expenditures).....\$0

Future Biennia (Projected Costs) .....\$0

TOTAL .....(((\$2,000,000))

\$225,000

**NEW SECTION.** **Sec. 1035.** A new section is added to 2009 c 497 (uncodified) to read as follows:**FOR THE MILITARY DEPARTMENT**

Camp Murray New Primary Gate Entrance (30000482)

Appropriation:

General Fund--Federal .....\$3,270,000

Military Department Capital Account--State .....\$1,657,000

Subtotal Appropriation .....\$4,927,000

Prior Biennia (Expenditures).....\$0

Future Biennia (Projected Costs) .....\$0

**TOTAL** ..... \$4,927,000

**Sec. 1036.** 2009 c 497 s 1086 (uncodified) is amended to read as follows:

**FOR THE MILITARY DEPARTMENT**

Minor Works Preservation (30000002)

Appropriation:

General Fund--Federal .....	(((\$3,069,000)))
	\$8,672,000
State Building Construction Account--State .....	\$1,709,000
Subtotal Appropriation.....	(((\$4,778,000)))
	\$10,381,000
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs) .....	\$18,700,000
<b>TOTAL</b> .....	(((\$23,478,000)))
	\$29,081,000

**Sec. 1037.** 2009 c 497 s 1087 (uncodified) is amended to read as follows:

**FOR THE MILITARY DEPARTMENT**

Minor Works Program (30000003)

Appropriation:

General Fund--Federal .....	(((\$679,000)))
	\$3,139,000
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs) .....	\$10,229,000
<b>TOTAL</b> .....	(((\$10,908,000)))
	\$13,368,000

**NEW SECTION. Sec. 1038.** A new section is added to 2009 c 497 (uncodified) to read as follows:

**FOR THE MILITARY DEPARTMENT**

Combined Support Maintenance Shop (20082006)

Appropriation:

General Fund--Federal .....	\$4,736,000
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs) .....	\$22,164,000
<b>TOTAL</b> .....	\$26,900,000

(End of part)

**PART 2  
HUMAN SERVICES**

**Sec. 2001.** 2009 c 497 s 2001 (uncodified) is amended to read as follows:

**FOR THE CRIMINAL JUSTICE TRAINING COMMISSION**

Replace Hawthorne Hall Dormitory (20082001)

~~((The appropriation in this section is subject to the following conditions and limitations: The office of financial management shall allot funds for the dormitory construction at the criminal justice training commission only after the recommendation of the steering committee participating in the analysis in section 1057 of this act has been provided to the legislative fiscal committees and submitted to the office of financial management for review.~~

Appropriation:

State Building Construction Account--State .....	\$16,745,000))
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Reappropriation:

State Building Construction Account--State .....	\$632,000
Prior Biennia (Expenditures).....	\$1,293,000
Future Biennia (Projected Costs) .....	(((\$0)))
	\$16,934,000
<b>TOTAL</b> .....	(((\$18,670,000)))
	\$18,859,000

**Sec. 2002.** 2009 c 497 s 2002 (uncodified) is amended to read as follows:

**FOR THE CRIMINAL JUSTICE TRAINING COMMISSION**

School Mapping (30000011)

The appropriation in this section is subject to the following conditions and limitations: The legislature intends to complete half of the remaining community and technical college mapping with this appropriation ((and to appropriate funding for the remaining half of unmapped square feet in community and technical colleges in the 2011-13 biennium)).

Appropriation:

State Building Construction Account--State .....	(((\$500,000)))
	\$1,100,000
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs) .....	(((\$546,000)))
	\$0
<b>TOTAL</b> .....	(((\$1,046,000)))
	\$1,100,000

**NEW SECTION. Sec. 2003.** A new section is added to 2009 c 497 (uncodified) to read as follows:

**FOR THE DEPARTMENT OF LABOR AND INDUSTRIES**

Central Office Roof Replacement and Fall Restraint Upgrade (30000012)

Appropriation:

Accident Account--State .....	\$1,250,000
Medical Aid Account--State .....	\$1,250,000
Subtotal Appropriation.....	\$2,500,000
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs) .....	\$0
<b>TOTAL</b> .....	\$2,500,000

**Sec. 2004.** 2009 c 497 s 2027 (uncodified) is amended to read as follows:

**FOR THE DEPARTMENT OF SOCIAL AND HEALTH SERVICES**

Eastern State Hospital: Roof Replacements (30000846)

Appropriation:

State Building Construction Account--State .....	(((\$1,085,000)))
	\$922,000
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs) .....	\$1,088,000
<b>TOTAL</b> .....	(((\$2,173,000)))
	\$2,010,000

**Sec. 2005.** 2009 c 497 s 2014 (uncodified) is amended to read as follows:

**FOR THE DEPARTMENT OF SOCIAL AND HEALTH SERVICES**

Special Commitment Center: Utility Replacements (20081504)

The reappropriation and appropriation in this section are subject to the following conditions and limitations: It is the intent of the appropriation and reappropriation to replace essential utilities, such as sanitary sewer, high voltage electrical, and fiber optic communications, serving the special commitment center and McNeil corrections center on McNeil Island by replacing the Island's electrical feed from the shoreline landing to the McNeil corrections center generator building, and continuing on to the special commitment center. The department shall coordinate the work with the department of corrections for the most cost-effective approach to the work.

Reappropriation:

State Building Construction Account--State .....	\$2,900,000
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Appropriation:

State Building Construction Account--State .....	(((\$3,490,000)))
	\$2,966,000
Prior Biennia (Expenditures).....	\$140,000
Future Biennia (Projected Costs) .....	\$0
<b>TOTAL</b> .....	(((\$6,530,000)))
	\$6,006,000

**NEW SECTION. Sec. 2006.** A new section is added to 2009 c 497 (uncodified) to read as follows:

TWENTY NINTH DAY, APRIL 12, 2010

**FOR THE DEPARTMENT OF SOCIAL AND HEALTH SERVICES**

Capacity to Replace Maple Lane School (92000005)

Appropriation:

State Building Construction Account--State .....	\$760,000
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs) .....	\$1,025,000
<b>TOTAL</b> .....	<b>\$1,785,000</b>

**Sec. 2007.** 2009 c 497 s 2034 (uncodified) is amended to read as follows:**FOR THE DEPARTMENT OF HEALTH**

Drinking Water Assistance Program (30000013)

The appropriation in this section is subject to the following conditions and limitations: \$38,462,000 is provided from the American recovery and reinvestment act of 2009.

Appropriation:

Drinking Water Assistance Account--Federal ...((24,348,000))	<u>\$38,348,000</u>
Drinking Water Assistance Account--Federal	
American Recovery and Reinvestment Act.....	\$38,462,000
<b>Subtotal Appropriation</b> .....	<b>((62,810,000))</b>
	<u><b>\$76,810,000</b></u>
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs) .....	\$0
<b>TOTAL</b> .....	<b>((62,810,000))</b>
	<u><b>\$76,810,000</b></u>

**Sec. 2008.** 2009 c 497 s 2037 (uncodified) is amended to read as follows:**FOR THE DEPARTMENT OF VETERANS AFFAIRS**

State Veterans Cemetery (20082004)

Reappropriation:

General Fund--Federal .....	\$6,815,000
<b>Appropriation:</b>	
General Fund--Federal .....	<u>\$1,909,000</u>
Prior Biennia (Expenditures).....	\$1,010,000
Future Biennia (Projected Costs) .....	\$0
<b>TOTAL</b> .....	<b>((7,825,000))</b>
	<u><b>\$9,734,000</b></u>

**Sec. 2009.** 2009 c 497 s 2038 (uncodified) is amended to read as follows:**FOR THE DEPARTMENT OF VETERANS AFFAIRS**

Minor Works - Facilities Preservation (30000003)

Appropriation:

State Building Construction Account--State ...((500,000))	<u>\$775,000</u>
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs) .....	\$6,585,000
<b>TOTAL</b> .....	<b>((7,085,000))</b>
	<u><b>\$7,360,000</b></u>

**Sec. 2010.** 2009 c 497 s 2067 (uncodified) is amended to read as follows:**FOR THE DEPARTMENT OF CORRECTIONS**

Washington Corrections Center for Women: Roof Replacement (30000178)

Appropriation:

State Building Construction Account--State ...((1,832,000))	<u>\$1,557,000</u>
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs) .....	\$0
<b>TOTAL</b> .....	<b>((1,832,000))</b>
	<u><b>\$1,557,000</b></u>

**NEW SECTION.** **Sec. 2011.** A new section is added to 2009 c 497 (uncodified) to read as follows:**FOR THE DEPARTMENT OF CORRECTIONS**

JOURNAL OF THE SENATE

Washington State Penitentiary: Housing Units, Kitchen, and Site Work (30000482)

Appropriation:

State Building Construction Account--State .....	\$5,990,000
Public Safety Reimbursable Bond Account.....	\$829,000
<b>Subtotal Appropriation</b> .....	<b>\$6,819,000</b>
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs) .....	\$44,000,000
<b>TOTAL</b> .....	<b>\$50,819,000</b>

**Sec. 2012.** 2009 c 497 s 2072 (uncodified) is amended to read as follows:**FOR THE DEPARTMENT OF CORRECTIONS**

Clallam Bay Corrections Center: Replace 5 Towers and Housing Roofs (30000108)

The appropriation in this section is subject to the following conditions and limitations: The funding is provided solely for the replacement of roofs on offender housing units.

Appropriation:

State Building Construction Account--State .....((3,000,000))	<u>\$2,550,000</u>
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs) .....	\$0
<b>TOTAL</b> .....	<b>((3,000,000))</b>
	<u><b>\$2,550,000</b></u>

**Sec. 2013.** 2009 c 497 s 2075 (uncodified) is amended to read as follows:**FOR THE DEPARTMENT OF CORRECTIONS**

Monroe Corrections Center: Water Line Replacements (30000137)

Appropriation:

State Building Construction Account--State .....((1,809,000))	<u>\$1,538,000</u>
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs) .....	\$0
<b>TOTAL</b> .....	<b>((1,809,000))</b>
	<u><b>\$1,538,000</b></u>

**Sec. 2014.** 2009 c 497 s 2078 (uncodified) is amended to read as follows:**FOR THE DEPARTMENT OF CORRECTIONS**

Washington State Penitentiary: Kitchen Improvements (20061007)

Reappropriation:

State Building Construction Account--State .....((402,000))	<u>\$0</u>
Prior Biennia (Expenditures).....	\$228,000
Future Biennia (Projected Costs) .....	\$0
<b>TOTAL</b> .....	<b>((630,000))</b>
	<u><b>\$228,000</b></u>

**Sec. 2015.** 2009 c 497 s 2068 (uncodified) is amended to read as follows:**FOR THE DEPARTMENT OF CORRECTIONS**

300 Minimum Security Bed Expansion - Three Locations (20082850)

Reappropriation:

State Building Construction Account--State .....((321,000))	<u>\$15,000</u>
Prior Biennia (Expenditures).....	\$156,000
Future Biennia (Projected Costs) .....	\$0
<b>TOTAL</b> .....	<b>((477,000))</b>
	<u><b>\$171,000</b></u>

**Sec. 2016.** 2009 c 497 s 2054 (uncodified) is amended to read as follows:**FOR THE DEPARTMENT OF CORRECTIONS**

Washington State Penitentiary: Replace Roofs (20081007)

Reappropriation:

State Building Construction Account--State.....	((-\$1,200,000))
	\$180,000
Prior Biennia (Expenditures).....	\$589,000
Future Biennia (Projected Costs) .....	\$0
<b>TOTAL</b> .....	<b>((-\$1,789,000))</b>
	<b>\$769,000</b>

**Sec. 2017.** 2009 c 497 s 2064 (uncodified) is amended to read as follows:

#### **FOR THE DEPARTMENT OF CORRECTIONS**

Mission Creek Corrections Center for Women: 100-Bed Expansion (20082020)

Reappropriation:

State Building Construction Account--State.....	((-\$5,331,000))
	\$4,419,000
Prior Biennia (Expenditures).....	\$1,296,000
Future Biennia (Projected Costs) .....	\$0
<b>TOTAL</b> .....	<b>((-\$6,627,000))</b>
	<b>\$5,715,000</b>

**NEW SECTION. Sec. 2018.** A new section is added to 2009 c 497 (uncodified) to read as follows:

#### **FOR THE DEPARTMENT OF CORRECTIONS**

Westside Corrections Complex: Siting and Predesign (92000032)

Appropriation:

State Building Construction Account--State.....	\$2,600,000
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs) .....	\$0
<b>TOTAL</b> .....	<b>\$2,600,000</b>

(End of part)

### **PART 3**

#### **NATURAL RESOURCES**

**Sec. 3001.** 2009 c 497 s 3059 (uncodified) is amended to read as follows:

#### **FOR THE DEPARTMENT OF ECOLOGY**

Kittitas Groundwater Study (30000029)

The appropriation in this section is subject to the following conditions and limitations:

By September 30, 2010, if, after consultation with major Yakima basin governments and stakeholders, the department of ecology and Kittitas county reach an agreement on a preferred approach, including the appropriate geographic scope and administering entity, the appropriation may be fully or partially redirected for the following purposes:

(1) Funds may be provided to develop and implement water banking and transfer methods and agreements that are fully protective of senior water rights and that protect domestic groundwater users and improve the profitability of farming operations. The legislature finds such activities to be in the public interest because they can help sustain the viability of the agricultural economy and enhance the certainty of water supplies for domestic groundwater users.

(2) Funds may be provided to lease or purchase water rights to create a reserve water supply for domestic groundwater users that have a groundwater right with a priority date later than May 10, 1905, as well as for all out-of-priority groundwater users. In securing water for such domestic groundwater users, strong preference shall be given to the use of water banking and transfer methods that provide alternatives to permanent purchase and dry-up of agricultural water rights in the basin, including dry-year options, water banking, long-term water supply lease agreements, long-term agricultural land fallowing agreements, and reduced consumptive use through efficiency or alternative cropping arrangements while maintaining historic return flows.

(3) A portion of the appropriation may be used for administrative costs, not to exceed four percent, and other costs associated with leasing or acquiring and transferring the water rights. All costs shall be fully recovered from participating domestic water users for their prorated portion of the cost, including but not limited to the costs of securing a water right or rights for this purpose, costs associated with the development and implementation of alternative agricultural water transfer methods, associated annual operational costs, and federal water service contract costs owed to the United States bureau of reclamation. Funds recovered in this manner shall be deposited in the state and local improvement revolving fund and may be used for any purpose provided in this section.

Appropriation:

State and Local Improvements Revolving Account (Water Supply Facilities)--State.....	\$700,000
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs) .....	\$0
<b>TOTAL</b> .....	<b>\$700,000</b>

**Sec. 3002.** 2009 c 497 s 3039 (uncodified) is amended to read as follows:

#### **FOR THE DEPARTMENT OF ECOLOGY**

Flood Protection Study (20082855)

The reappropriation in this section is subject to the following conditions and limitations: The reappropriation in this section is provided solely for the department to conduct a study to determine the number of decertified levees in the state and to identify strategies for maintaining accreditation, re-accrediting, or recertifying ((the)) levees so that they ((provide)) are recognized by federal agencies as providing optimum protection for the communities protected by the levees. The department must prioritize areas to include in the study based on population and the economic impact of potential flood damage.

The study must include the following components:

(1) A working group of levee managers, local agencies, and stakeholders to advise and inform the study;

(2) ((A)) In-state examples of the costs and processes of technical review of the structural integrity of levee systems;

(3) An inventory, map, and ((rate the effectiveness)) description of the level of protection of existing levee systems; ((and))

(4) The development of strategies and actions needed to improve the existing levee system and to ensure certification by the United States army corps of engineers for one-hundred year flood protection;

(5) The identification of current funding sources and the amounts available for levee improvements; and

(6) Recommendation for additional new funding sources and options.

(7) The study must be completed and a report provided to the appropriate legislative committees by ((July)) December 1, 2010.

(8) The study under this section is exempt from the provisions of section 602, chapter 3, Laws of 2010 and section 7, chapter 5, Laws of 2009.

Reappropriation:

State Building Construction Account--State .....	\$280,000
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs) .....	\$0
<b>TOTAL</b> .....	<b>\$280,000</b>

**Sec. 3003.** 2009 c 497 s 3007 (uncodified) is amended to read as follows:

#### **FOR THE DEPARTMENT OF ECOLOGY**

Sunnyside Valley Irrigation District Water Conservation (20052851)

Reappropriation:

State Building Construction Account--State .....

\$2,800,000

Appropriation:

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State Building Construction Account--State.....	((-\$2,850,000))
	\$7,250,000
Prior Biennia (Expenditures).....	\$4,147,000
Future Biennia (Projected Costs) .....	\$4,000,000
<b>TOTAL</b> .....	<b>((-\$13,797,000))</b>
	<b><u>\$18,197,000</u></b>

**Sec. 3004.** 2009 c 497 s 3049 (uncodified) is amended to read as follows:

#### FOR THE DEPARTMENT OF ECOLOGY

Upper Columbia River Black Sand Beach Cleanup (30000016)	
Appropriation:	
State Building Construction Account--State.....	((-\$3,000,000))
	\$500,000
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs) .....	\$0
<b>TOTAL</b> .....	<b>((-\$3,000,000))</b>
	<b><u>\$500,000</u></b>

**Sec. 3005.** 2009 c 497 s 3054 (uncodified) is amended to read as follows:

#### FOR THE DEPARTMENT OF ECOLOGY

Storm Water Retrofit and Low-Impact Development Grant Program (30000097)

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

(1) \$1,343,000 of the state toxics control account--state appropriation is provided solely for storm water retrofit and low-impact development in the city of Bremerton.

(2) \$6,929,000 of the local toxics control account--state appropriation and \$1,071,000 of the state toxics control account--state appropriation is provided solely for local governments to build staffing capacity to address storm water in their communities and to improve storm water research, data management, and monitoring.

(3) The remaining moneys must be allocated through a grant process to local governments covered by national pollutant discharge elimination system municipal phase I or phase II permits to fund local government projects or activities that mitigate or prevent contamination of storm water or the recontamination of receiving waters previously remediated under federal or state-approved activities.

Appropriation:

State Building Construction Account--State.....	((-\$3,000,000))
	\$30,334,000
State Toxics Control Account--State.....	\$15,737,000
State and Local Improvements Revolving Account - Waste Disposal Facilities.....	\$1,284,000
State and Local Improvements Revolving Account - Waste Disposal Facilities, 1980.....	\$325,000
Local Toxics Control Account--State .....	\$6,929,000
<b>Subtotal Appropriation.....</b>	<b>((-\$4,609,000))</b>
	<b><u>\$54,609,000</u></b>
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs) .....	\$0
<b>TOTAL</b> .....	<b>((-\$4,609,000))</b>
	<b><u>\$54,609,000</u></b>

**Sec. 3006.** 2009 c 497 s 3060 (uncodified) is amended to read as follows:

#### FOR THE DEPARTMENT OF ECOLOGY

Remedial Action Grant Program (30000039)

The appropriation in this section is subject to the following conditions and limitations: \$3,000,000 is provided solely for the city of Bothell to remediate soil contamination.

Appropriation:

State Building Construction Account--State.....	\$37,700,000
Local Toxics Control Account--State.....	\$38,211,000

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Subtotal Appropriation.....	\$75,911,000
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs) .....	\$180,000,000
<b>TOTAL</b> .....	<b>((-\$217,700,000))</b>
	<b><u>\$255,911,000</u></b>

**Sec. 3007.** 2009 c 497 s 3020 (uncodified) is amended to read as follows:

#### FOR THE DEPARTMENT OF ECOLOGY

Breazeale Interpretive Center (20082856)

Reappropriation:

General Fund--Federal .....	((-\$270,000))
	\$419,000
Prior Biennia (Expenditures).....	((-\$225,000))
	\$76,000
Future Biennia (Projected Costs) .....	\$0
<b>TOTAL</b> .....	<b>\$495,000</b>

**NEW SECTION.** **Sec. 3008.** A new section is added to 2009 c 497 (uncodified) to read as follows:

#### FOR THE DEPARTMENT OF ECOLOGY

Settlement Funding to Clean Up Toxic Sites (30000145)

Appropriation:

Cleanup Settlement Account--State .....	\$8,500,000
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs) .....	\$0
<b>TOTAL</b> .....	<b>\$8,500,000</b>

**NEW SECTION.** **Sec. 3009.** A new section is added to 2009 c 497 (uncodified) to read as follows:

#### FOR THE DEPARTMENT OF ECOLOGY

Cleanup Asarco Contamination on Vashon/Maury Islands and Mines (91000009)

The appropriation in this section is subject to the following conditions and limitations: \$4,100,000 of the cleanup settlement account appropriation and \$10,900,000 of the state toxics control account appropriation are provided solely for the department of ecology to assist King County in the acquisition and remediation of property on Vashon and Maury Islands. The properties are in the Tacoma smelter plume area and are contaminated with arsenic and other heavy metals from the Asarco smelter.

Appropriation:

Cleanup Settlement Account--State .....	\$4,100,000
State Toxics Control Account--State.....	\$10,900,000
<b>Subtotal Appropriation.....</b>	<b>\$15,000,000</b>
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs) .....	\$0
<b>TOTAL</b> .....	<b>\$15,000,000</b>

**NEW SECTION.** **Sec. 3010.** A new section is added to 2009 c 497 (uncodified) to read as follows:

#### FOR THE DEPARTMENT OF ECOLOGY

Clean Up Toxic Sites - Puget Sound (30000144)

The appropriation in this section is subject to the following conditions and limitations: \$17,500,000 of the cleanup settlement account--state appropriation is provided solely for cleanup activities associated with the Asarco contamination in Everett.

Appropriation:

State Building Construction Account--State .....	\$511,000
Cleanup Settlement Account--State .....	\$18,300,000
State Toxics Control Account--State.....	\$22,387,000
<b>Subtotal Appropriation.....</b>	<b>\$41,198,000</b>
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs) .....	\$0
<b>TOTAL</b> .....	<b>\$41,198,000</b>

**NEW SECTION.** **Sec. 3011.** A new section is added to 2009 c 497 (uncodified) to read as follows:

#### FOR THE DEPARTMENT OF ECOLOGY

Reducing Diesel Particle Emissions in Tacoma (30000139)

The appropriation in this section is provided contingent upon the department working with the Port of Tacoma to establish a diesel idling reduction program. The department shall report to the legislature by December 1, 2010, on the progress of the diesel idling reduction program and other efforts to reduce diesel particle emissions in Tacoma.

**Appropriation:**

Air Pollution Control Account--State .....	\$1,000,000
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs) .....	\$0
<b>TOTAL</b> .....	<b>\$1,000,000</b>

**NEW SECTION. Sec. 3012.** A new section is added to 2009 c 497 (uncodified) to read as follows:

**FOR THE DEPARTMENT OF ECOLOGY**

Reducing Wood Smoke Particle Emissions in Tacoma (30000140)

**Appropriation:**

Air Pollution Control Account--State .....	\$600,000
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs) .....	\$0
<b>TOTAL</b> .....	<b>\$600,000</b>

**NEW SECTION. Sec. 3013.** A new section is added to 2009 c 497 (uncodified) to read as follows:

**FOR THE DEPARTMENT OF ECOLOGY**

Water Pollution Control Revolving Fund Program Match (91000008)

**Appropriation:**

Public Works Assistance Account--State.....	\$1,400,000
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs) .....	\$0
<b>TOTAL</b> .....	<b>\$1,400,000</b>

**NEW SECTION. Sec. 3014.** A new section is added to 2009 c 497 (uncodified) to read as follows:

**FOR THE DEPARTMENT OF ECOLOGY**

Water Pollution Control Revolving Fund Program (30000142)

**Appropriation:**

Water Pollution Control Revolving Account--State .....	\$25,000,000
Water Pollution Control Revolving Account--Federal .....	\$12,000,000
<b>Subtotal Appropriation</b> .....	<b>\$37,000,000</b>
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs) .....	\$0
<b>TOTAL</b> .....	<b>\$37,000,000</b>

**Sec. 3015.** 2009 c 497 s 3052 (uncodified) is amended to read as follows:

**FOR THE DEPARTMENT OF ECOLOGY**

Safe Soils Remediation Program (30000019)

**Appropriation:**

State Building Construction Account--State.....	(((\$4,000,000)))
	\$2,380,000
Cleanup Settlement Account--State .....	\$1,620,000
<b>Subtotal Appropriation</b> .....	<b>\$4,000,000</b>
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs) .....	\$0
<b>TOTAL</b> .....	<b>\$4,000,000</b>

**NEW SECTION. Sec. 3016.** A new section is added to 2009 c 497 (uncodified) to read as follows:

**FOR THE DEPARTMENT OF ECOLOGY**

Wastewater Treatment and Water Reclamation (92000041)

The appropriation in this section is provided solely for wastewater treatment and reclamation projects as follows:

<b>Project</b>	<b>Funding</b>
----------------	----------------

Potlatch wastewater treatment and reclamation..... \$1,645,000

Willapa Harbor sewer project .....

\$1,000,000

Omak sanitary sewer project.....

\$450,000

Sultan wastewater treatment facility .....

\$335,000

**Appropriation:**

State Building Construction Account--State .....

\$3,430,000

Prior Biennia (Expenditures).....

\$0

Future Biennia (Projected Costs) .....

\$0

**TOTAL** .....

**\$3,430,000**

**Sec. 3017.** 2009 c 497 s 3093 (uncodified) is amended to read as follows:

**FOR THE STATE PARKS AND RECREATION COMMISSION**

Flaming Geyser State Park Park-wide Infrastructure Redevelopment (30000173)

**Appropriation:**

State Building Construction Account--State .....

(((\$3,533,000)))

\$3,003,000

Prior Biennia (Expenditures).....

\$0

Future Biennia (Projected Costs) .....

\$0

**TOTAL** .....

**(((\$3,533,000)))**

**\$3,003,000**

**Sec. 3018.** 2009 c 497 s 3094 (uncodified) is amended to read as follows:

**FOR THE STATE PARKS AND RECREATION COMMISSION**

Dash Point State Park Sanitary Sewer Collection System (30000269)

**Appropriation:**

State Building Construction Account--State .....

(((\$3,820,000)))

\$3,247,000

Prior Biennia (Expenditures).....

\$0

Future Biennia (Projected Costs) .....

\$0

**TOTAL** .....

**(((\$3,820,000)))**

**\$3,247,000**

**Sec. 3019.** 2009 c 497 s 3090 (uncodified) is amended to read as follows:

**FOR THE STATE PARKS AND RECREATION COMMISSION**

Illahee State Park Wastewater Treatment Upgrade (30000447)

**Appropriation:**

State Building Construction Account--State .....

(((\$1,850,000)))

\$1,572,000

Prior Biennia (Expenditures).....

\$0

Future Biennia (Projected Costs) .....

\$0

**TOTAL** .....

**(((\$1,850,000)))**

**\$1,572,000**

**Sec. 3020.** 2009 c 497 s 3091 (uncodified) is amended to read as follows:

**FOR THE STATE PARKS AND RECREATION COMMISSION**

Cama Beach State Park (30000101)

**Appropriation:**

State Building Construction Account--State .....

(((\$3,265,000)))

\$2,775,000

Prior Biennia (Expenditures).....

\$0

Future Biennia (Projected Costs) .....

\$0

**TOTAL** .....

**(((\$3,265,000)))**

**\$2,775,000**

**Sec. 3021.** 2009 c 497 s 3085 (uncodified) is amended to read as follows:

**FOR THE STATE PARKS AND RECREATION COMMISSION**

Federal Grant Authority (30000006)

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The appropriation in this section is provided contingent upon the commission providing advance notice to the appropriate fiscal committees of the legislature and the office of financial management before applying for federal grants for acquisition of park lands and facilities. The commission shall submit this information in the form of a report that explains the funding source, the match and use requirements, a description of the project that will be funded, and a description of future impacts to the operating budget.

Appropriation:

General Fund--Federal .....	(((\$990,000))
	\$1,990,000
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs) .....	\$4,000,000
<b>TOTAL</b> .....	<b>(((\$4,990,000))</b> <b>\$5,990,000</b>

**NEW SECTION. Sec. 3022.** A new section is added to 2009 c 497 (uncodified) to read as follows:

**FOR THE STATE PARKS AND RECREATION COMMISSION**

Deception Pass State Park - Wastewater System (30000483)

Appropriation:

State Building Construction Account--State .....	\$300,000
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs) .....	\$2,600,000
<b>TOTAL</b> .....	<b>\$2,900,000</b>

**Sec. 3023.** 2009 c 497 s 3109 (uncodified) is amended to read as follows:

**FOR THE RECREATION AND CONSERVATION FUNDING BOARD**

Washington Wildlife and Recreation Program (20044002)

The reappropriations in this section are subject to the following conditions and limitations: Any amount of the reappropriations that is not obligated to a specific project may be used to fund alternate projects approved by the legislature from the same account in biennia succeeding that in which the moneys were originally appropriated.

Reappropriation:

Outdoor Recreation Account--State .....	\$1,499,000
Habitat Conservation Account--State .....	(((\$4,789,000))
	\$4,319,000
<b>Subtotal Reappropriation</b> .....	<b>(((\$6,288,000))</b>
	<b>\$5,818,000</b>
Prior Biennia (Expenditures).....	\$38,712,000
Future Biennia (Projected Costs) .....	\$0
<b>TOTAL</b> .....	<b>(((\$45,000,000))</b>
	<b>\$44,530,000</b>

**Sec. 3024.** 2009 c 497 s 3133 (uncodified) is amended to read as follows:

**FOR THE RECREATION AND CONSERVATION FUNDING BOARD**

Washington Wildlife Recreation Grants (20084011)

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

(1) The reappropriations are provided solely for the approved list of projects in LEAP capital document No. 2007-3 as developed on March 17, 2007, and LEAP capital document No. 2008-1 as developed on February 13, 2008.

(2) If additional funds are available after funding the farmlands preservation account projects approved in subsection (1) of this section, the committee may: Provide one-time grants of up to \$25,000 each to counties requesting assistance in developing farmlands preservation strategies for the purpose of seeking grants from the farmlands preservation account in future grant cycles.

(3) Funds reappropriated for distribution according to the provisions of RCW 79A.15.040(1)(c) must be allocated forty percent to local government projects and sixty percent to state agency projects. If the cumulative total of local government projects is less than forty percent of the total distribution to this category, the difference may be allocated to state agency projects.

(4) Up to \$627,299 of the reappropriation from the riparian protection account is provided solely for the Chehalis river surge plain natural area preserve. This amount may not be expended for the project until the department of natural resources has completed a management plan for the preserve that maintains recreational access and that management plan is presented to the house of representatives capital budget and senate ways and means committees.

Reappropriation:

Farmlands Preservation Account--State.....	(((\$5,300,000))
	\$4,319,000
Riparian Protection Account--State .....	\$12,500,000
Habitat Conservation Account--State .....	\$23,956,000
Outdoor Recreation Account--State .....	\$22,994,000
<b>Subtotal Reappropriation</b> .....	<b>(((\$64,750,000))</b>
	<b>\$63,769,000</b>
Prior Biennia (Expenditures).....	\$35,250,000
Future Biennia (Projected Costs) .....	\$0
<b>TOTAL</b> .....	<b>(((\$100,000,000))</b>
	<b>\$99,019,000</b>

**Sec. 3025.** 2009 c 497 s 3138 (uncodified) is amended to read as follows:

**FOR THE RECREATION AND CONSERVATION FUNDING BOARD**

Aquatic Lands Enhancement Account (30000007)

The appropriation in this section is subject to the following conditions and limitations: The appropriation is provided solely for the list of projects in LEAP capital document No. 2009-3, developed March 9, 2009.

Appropriation:

State Building Construction Account--State .....	(((\$5,025,000))
	\$4,025,000
Aquatic Lands Enhancement Account--State .....	\$1,000,000
<b>Subtotal Appropriation</b> .....	<b>\$5,025,000</b>
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs) .....	\$20,100,000
<b>TOTAL</b> .....	<b>\$25,125,000</b>

**Sec. 3026.** 2009 c 497 s 3157 (uncodified) is amended to read as follows:

**FOR THE DEPARTMENT OF FISH AND WILDLIFE**

Voights Creek Hatchery (20081003)

The appropriation in this section is subject to the following conditions and limitations:

(1) \$200,000 of the amount appropriated is provided solely for the repair necessary to restore the facility for limited operations;

(2) \$550,000 of the amount appropriated is provided ((solely)) for property acquisition and permitting. No later than June 1, 2010, the department shall submit to the office of financial management and the fiscal committees of the legislature construction costs that total no more than fourteen million dollars.

If the department does not acquire property, the amount provided in this subsection shall lapse; and

(3) \$50,000 of the amount appropriated is provided solely for the department to participate in a work group with the Puyallup Tribe of Indians that will make recommendations no later than December 1, 2009, regarding the options for improving production from hatcheries along the Puyallup river system while reducing cost. Options to be considered include shifting production among the

hatcheries, consolidation of hatcheries, and shifting responsibilities for construction, maintenance and operations of hatcheries.

**Reappropriation:**

State Building Construction Account--State ..... \$150,000

**Appropriation:**

State Building Construction Account--State ..... \$800,000

Prior Biennia (Expenditures) ..... \$355,000

Future Biennia (Projected Costs) ..... \$1,800,000

**TOTAL** ..... \$3,105,000

**Sec. 3027.** 2009 c 497 s 3168 (uncodified) is amended to read as follows:

**FOR THE DEPARTMENT OF FISH AND WILDLIFE**

Mitigation Projects and Dedicated Funding (20082048)

((The reappropriation in this section is subject to the following conditions and limitations:)) (1) The reappropriation and the appropriation in this section are provided contingent upon the department providing advance notice to the appropriate fiscal committees of the legislature and the office of financial management before applying for federal grants for acquisition of fish and wildlife habitat lands. The department shall submit this information in the form of a report that explains the funding source, the match and use requirements, a description of the project that will be funded, and a description of future impacts to the operating budget.)

(2) Up to \$2,300,000 of the reappropriation is provided solely for capital projects and engineering to pay the total cost of labor and materials provided by the department of fish and wildlife.

**Reappropriation:**

General Fund--Federal ..... \$9,000,000

**Appropriation:**

General Fund--Private/Local ..... \$2,500,000

Game Special Wildlife Account--Federal ..... \$600,000

Game Special Wildlife Account--Private/Local ..... \$900,000

General Fund--Federal ..... \$((25,000,000))

\$31,000,000

**Subtotal Appropriation** ..... \$((29,000,000))

\$35,000,000

Prior Biennia (Expenditures) ..... \$19,125,000

Future Biennia (Projected Costs) ..... \$114,800,000

**TOTAL** ..... \$((171,925,000))

\$177,925,000

**Sec. 3028.** 2009 c 497 s 3169 (uncodified) is amended to read as follows:

**FOR THE DEPARTMENT OF FISH AND WILDLIFE**

Minor Works - Facility Preservation (30000149)

**Appropriation:**

State Building Construction Account--State ..... \$((677,000))

\$420,000

Prior Biennia (Expenditures) ..... \$0

Future Biennia (Projected Costs) ..... \$10,000,000

**TOTAL** ..... \$((10,677,000))

\$10,420,000

**NEW SECTION.** **Sec. 3029.** A new section is added to 2009 c 497 (uncodified) to read as follows:

**FOR THE DEPARTMENT OF FISH AND WILDLIFE**

Leque Island Highway 532 Road Protection (92000019)

**Appropriation:**

State Building Construction Account--State ..... \$680,000

Prior Biennia (Expenditures) ..... \$0

Future Biennia (Projected Costs) ..... \$0

**TOTAL** ..... \$680,000

**Sec. 3030.** 2009 c 497 s 3172 (uncodified) is amended to read as follows:

**FOR THE DEPARTMENT OF FISH AND WILDLIFE**

Minor Works - Road Maintenance and Abandonment Plan (30000022)

**Appropriation:**

State Building Construction Account--State ..... \$((1,000,000))

\$950,000

Prior Biennia (Expenditures) ..... \$0

Future Biennia (Projected Costs) ..... \$4,050,000

**TOTAL** ..... \$((5,050,000))

\$5,000,000

**Sec. 3031.** 2009 c 497 s 3178 (uncodified) is amended to read as follows:

**FOR THE DEPARTMENT OF FISH AND WILDLIFE**

Minor Works - Dam and Dike (30000145)

**Appropriation:**

State Building Construction Account--State ..... \$((943,000))

\$897,000

Prior Biennia (Expenditures) ..... \$0

Future Biennia (Projected Costs) ..... \$3,780,000

**TOTAL** ..... \$((4,723,000))

\$4,677,000

**Sec. 3032.** 2009 c 497 s 3182 (uncodified) is amended to read as follows:

**FOR THE DEPARTMENT OF FISH AND WILDLIFE**

Minor Works - Programmatic (30000179)

**Appropriation:**

State Building Construction Account--State ..... \$((400,000))

\$250,000

Prior Biennia (Expenditures) ..... \$0

Future Biennia (Projected Costs) ..... \$5,500,000

**TOTAL** ..... \$((5,900,000))

\$5,750,000

**NEW SECTION.** **Sec. 3033.** A new section is added to 2009 c 497 (uncodified) to read as follows:

**FOR THE DEPARTMENT OF FISH AND WILDLIFE**

Carpenter Creek Estuary Restoration (92000023)

The appropriation in this section is provided solely for estuary restoration in Carpenter Creek.

**Appropriation:**

State Building Construction Account--State ..... \$2,784,000

Prior Biennia (Expenditures) ..... \$0

Future Biennia (Projected Costs) ..... \$0

**TOTAL** ..... \$2,784,000

**NEW SECTION.** **Sec. 3034.** A new section is added to 2009 c 497 (uncodified) to read as follows:

**FOR THE DEPARTMENT OF FISH AND WILDLIFE**

Puget Sound General Investigation for Nearshore Restoration (92000025)

**Appropriation:**

State Toxics Control Account--State ..... \$1,030,000

Prior Biennia (Expenditures) ..... \$0

Future Biennia (Projected Costs) ..... \$0

**TOTAL** ..... \$1,030,000

**NEW SECTION.** **Sec. 3035.** A new section is added to 2009 c 497 (uncodified) to read as follows:

**FOR THE DEPARTMENT OF FISH AND WILDLIFE**

Puget Sound Flood Plain Restoration Projects (91000004)

The appropriation in this section is subject to the following conditions and limitations:

(1) \$185,000 of the appropriation is provided solely for the South Fork Nooksack River and tributaries restoration project.

(2) \$381,000 of the appropriation is provided solely for the Nooksack Forks large woody debris placement project.

**Appropriation:**

State Building Construction Account--State ..... \$566,000

Prior Biennia (Expenditures) ..... \$0

Future Biennia (Projected Costs) ..... \$0

**TOTAL** ..... \$566,000

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**Sec. 3036.** 2009 c 497 s 3197 (uncodified) is amended to read as follows:

**FOR THE DEPARTMENT OF NATURAL RESOURCES**

Natural Resources Real Property Replacement (30000051)

The appropriation in this section is subject to the following conditions and limitations: The appropriation is provided solely for acquisition of working forest lands at risk of conversion to nonforest uses and working natural resource lands that will protect and enhance the value of trust land holdings. The legislature finds that the chronic loss of working forest lands threatens the long-term prospects of the timber products and other natural resource industries, which in turn threatens the long-term economic return for the beneficiaries of state trust lands. Acquisition of these lands is intended to help stabilize the primary source of revenue to trust land beneficiaries. The department shall submit a report to the appropriate committees of the legislature by October 1, 2010, and every two years thereafter, indicating the lands purchased under this section, showing the locations, acres, purchase price, and within that purchase price, the value of the property attributed to the future value of timber harvests given an expected rate of return for timber lands, and the value of the property attributed to future development of the property. It is the intent of the legislature to lease the development rights of these conversion lands and retain them as long-term working natural resource lands under the sustainable harvest plan. Working forest lands acquired under this section shall be managed at a level equal to or greater than seventy-five percent of the expected harvest under the sustainable harvest plan.

The department shall not proceed with the Ice Harbor land exchange prior to June 30, 2011.

Appropriation:

Natural Resources Real Property Replacement	
Account--State .....	\$50,000,000
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs) .....	\$200,000,000
<b>TOTAL</b> .....	<b>\$250,000,000</b>

**Sec. 3037.** 2009 c 497 s 3203 (uncodified) is amended to read as follows:

**FOR THE DEPARTMENT OF NATURAL RESOURCES**

Trust Land Transfer (30000066)

The appropriation in this section is subject to the following conditions and limitations:

(1) The total appropriation is provided to the department solely to transfer from trust status, or enter into fifty year leases for, certain trust lands of statewide significance deemed appropriate for state park, fish and wildlife habitat, natural area preserve, natural resources conservation area, open space, housing and essential government services, or recreation purposes. The approved list of properties for lease or transfer is identified in the LEAP capital document No. 2009-2a, developed April 23, 2009.

(2) Property transferred under this section must be appraised and transferred at fair market value. The value of the timber transferred must be deposited by the department to the common school construction account in the same manner as timber revenues from other common school trust lands. No deduction may be made for the resource management cost account under RCW 79.64.040. The value of the land transferred must be deposited in the natural resources real property replacement account.

(3) Property subject to lease agreements under this section must be appraised at fair market value. Lease terms must be fifty years with options to renew for an additional fifty years. Lease payments must be lump sum payments for the entire term of the lease at the beginning of the lease. The department shall calculate such lump sum payments using professional appraisal standards. These lease payments may not exceed the fee simple purchase price based on current fair market value and must be deposited by the department to

the common school construction account in the same manner as lease revenues from other common school trust lands. No deduction may be made for the resource management cost account under RCW 79.64.040.

(4) All reasonable costs incurred by the department to implement this section are authorized to be paid out of the appropriations. Authorized costs include the actual cost of appraisals, staff time, environmental reviews, surveys, and other similar costs and shall not exceed ((one and nine tenths)) two and six-tenths percent of the appropriation.

(5) Intergrant exchanges between common school and other trust lands of equal value may occur if the exchange is in the interest of each trust, as determined by the board of natural resources.

(6) Prior to or concurrent with conveyance of these properties, the department, with full cooperation of the receiving agencies, shall execute and record a real property instrument that dedicates the transferred properties to the purposes identified in subsection (1) of this section. Transfer and lease agreements for properties identified in subsection (1) of this section must include terms that restrict the use of the property to the intended purpose. Transfer and lease agreements may include provisions for receiving agencies to request alternative uses of the property, provided the alternative uses are compatible with the original intended public purpose and the department and legislature approves such uses.

(7) The department and receiving agencies shall work in good faith to carry out the intent of this section. However, the department or receiving agencies may remove a property from the transfer list based on new, substantive information, if it is determined that transfer of the property is not in the statewide interest of either the common school trust or the receiving agency.

(8) The department shall execute trust land transfers that, after the deduction of reasonable costs as provided in subsection (4) of this section, eighty percent of the total value of transferred property is timber value and is deposited in the common school construction account. To achieve the eighty percent requirement, the department may choose to lease properties originally intended as transfers.

(9) \$4,189,000 of the amount appropriated is provided solely for fifty-year leases of development rights from timber lands at risk of conversion to non-timber land uses purchased from appropriations in the 2007-2009 fiscal period.

(10) ((On June 30, 2011,)) The state treasurer shall transfer all remaining uncommitted funds from this appropriation to the common school construction account and the appropriations in this section shall be reduced by an equivalent amount.

Appropriation:

State Building Construction Account--State .....	\$100,133,000
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs) .....	\$400,000,000
<b>TOTAL</b> .....	<b>\$500,133,000</b>

**NEW SECTION.** **Sec. 3038.** A new section is added to 2009 c 497 (uncodified) to read as follows:

**FOR THE DEPARTMENT OF NATURAL RESOURCES**

Forest Hazard Reduction and Biomass Equipment (91000003)

The appropriation in this section is subject to the following conditions and limitations:

(1) The natural resources equipment account appropriation in this section is provided solely for the purchase of forest biomass feedstock processing equipment appropriate for forest biomass-to-energy projects in eastern Washington in areas with a scarcity of primary wood processing facilities, or for making grants on a competitive basis to local governments or nonprofit entities in such local areas for purchase of such equipment. Equipment purchased, either by the department or a grantee, must be made available for lease, or other lawful means of conveyance, or be

operated directly, for use in forest biomass-to-energy projects in an area of eastern Washington with a scarcity of primary wood processing facilities. In providing for the use of such equipment, consideration shall be given by the department or grantee in the opportunity for the forest biomass-to-energy project to promote forest treatments to improve forest health and/or remove hazardous buildup of forest fuels. Consideration may also be given to generating jobs in counties with high rates of unemployment.

(2) The state building construction account--state appropriation is provided solely for forest improvement treatments on forest lands of eastern Washington with the five highest priority fire and disease hazards in Stevens, Ferry, Lincoln, Pend Oreille, Okanogan, Yakima, Kittitas, and Spokane counties. Forest treatments on private lands funded by this appropriation require an agreement with the property owner that includes a commitment to maintain the improvements to forest health.

Appropriation:

Natural Resources Equipment Account .....	\$750,000
State Building Construction Account--State.....	\$2,000,000
<b>Subtotal Appropriation.....</b>	<b>\$2,750,000</b>
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs) .....	\$0
<b>TOTAL .....</b>	<b>\$2,750,000</b>

**NEW SECTION. Sec. 3039.** A new section is added to 2009 c 497 (uncodified) to read as follows:

**FOR THE DEPARTMENT OF NATURAL RESOURCES**

Removal/Cleanup of Asarco Docks in Ruston/Commencement Bay (91000004)

Appropriation:

Resource Management Cost Account--State .....	\$2,050,000
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs) .....	\$0
<b>TOTAL .....</b>	<b>\$2,050,000</b>

**NEW SECTION. Sec. 3040.** A new section is added to 2009 c 497 (uncodified) to read as follows:

**FOR THE DEPARTMENT OF NATURAL RESOURCES**

Puget Sound Cleanup and Recovery (92000003)

The appropriation in this section is subject to the following conditions and limitations: \$1,030,000 of the cleanup settlement account--state appropriation is provided solely for removal of contaminated pilings and habitat restoration in Commencement Bay. These funds are provided contingent upon receiving concurrence from the department of ecology that the project is aligned with the ten year plan for cleaning up Asarco-related contamination.

Appropriation:

Cleanup Settlement Account--State .....	\$1,030,000
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs) .....	\$0
<b>TOTAL .....</b>	<b>\$1,030,000</b>

**NEW SECTION. Sec. 3041.** A new section is added to 2009 c 497 (uncodified) to read as follows:

**FOR THE DEPARTMENT OF NATURAL RESOURCES**

Forest Riparian Easement Program (30000070)

The appropriation in this section is subject to the following conditions and limitations:

(1) \$600,000 of the forest and fish support account appropriation is provided contingent upon the sale of the king air by the department. The office of financial management shall allot only an amount that is equivalent to the proceeds received from the sale of the king air and no more than \$600,000.

(2) If the appropriation in this section is less than the level demanded in submitted applications, the department of natural resources shall prioritize the use of the funds as follows:

(3) Highest priority shall be given to applications that include one or more of the following conditions, in the following priority

order: (a) The greatest proportion of riparian buffer impacted in the related forest practices application; (b) lands in deferred tax status of classified timber land or classified open space as defined in RCW 84.34.020; (c) lands at greatest risk of conversion to other land uses as determined by county zoning and land classifications and proximity to urban growth areas or other areas of concentrated land development; (d) lands that are certified by a forest certification recognized by the department; (e) the applicant has not received a forestry riparian easement since July 1, 2007; (f) the applicant is not a nonprofit organization; (g) the applicant has been waiting three years or more for a forestry easement purchase; and (h) the application does not include any of the conditions specified in subsection (2) of this section.

(4) The lowest priority shall be given to applications that include any of the following conditions: (a) The forest management activities for the aggregated ownership of the landowner referenced in the application, his or her spouse, and his or her children exceed the small forest landowner definition in RCW 76.13.120(2)(c); (b) the applicant has had legal ownership for less than five years, except when the applicant is a lineal descendant of a landowner meeting this condition; (c) the applicant has an outstanding violation of the forest practices act under chapter 76.09 RCW; (d) the applicant is in default on a financial obligation to an agency of the state including noncompliance with a child support order under RCW 74.20A.320; (e) the application is for land on which other conservation easements have been executed and recorded on the title; or (f) the land is owned by a nonprofit organization that does not have deferred tax designations of either classified timber land or classified open space as defined in RCW 84.34.020 and does not have a county-recognized forest management plan.

(5) The department of natural resources shall use legally binding affidavits to obtain from the applicants any supplemental information necessary to assist in prioritizing the use of the funds appropriated in this section. The department must verify the prioritized use of the funds appropriated in this section by: (a) Investigating a random subset of affidavits for easements purchased for an amount less than one hundred thousand dollars; and (b) investigating all easements purchased for an amount in excess of one hundred thousand dollars.

(6) The department shall work with interested stakeholders to develop recommendations for changes to the ongoing eligibility, prioritization, and policy provisions of the forestry riparian easement program specified in RCW 76.13.120. In developing these recommendations, the department and the interested stakeholders shall consider the inclusion of the conditions utilized in this section to establish eligibility and prioritization of funding. The department and the interested stakeholders shall submit final recommendations in the form of legislation to the office of financial management and the legislature by October 1, 2010.

Appropriation:

State Building Construction Account--State .....	\$500,000
Forest and Fish Support Account--State .....	\$600,000
<b>Subtotal Appropriation.....</b>	<b>\$1,100,000</b>
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs) .....	\$0
<b>TOTAL .....</b>	<b>\$1,100,000</b>

**NEW SECTION. Sec. 3042.** A new section is added to 2009 c 497 (uncodified) to read as follows:

**FOR THE DEPARTMENT OF NATURAL RESOURCES**

Elk River Estuarine Lands Acquisition (91000007)

Appropriation:

General Fund--Federal .....	\$1,000,000
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs) .....	\$0
<b>TOTAL .....</b>	<b>\$1,000,000</b>

(End of part)

#### PART 4 TRANSPORTATION

**Sec. 4001.** 2009 c 497 s 4008 (uncodified) is amended to read as follows:

**FOR THE WASHINGTON STATE DEPARTMENT OF TRANSPORTATION**

Commute Trip Reduction for Thurston County State Agencies (92000001)

The appropriation in this section is subject to the following conditions and limitations: The appropriation is provided solely for implementation of chapter 427, Laws of 2009 (Substitute Senate Bill No. 6088 (commute trip reduction)).

Appropriation:

State Vehicle Parking Account--State.....	(((\$734,000))
	\$650,000
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs) .....	\$0
<b>TOTAL</b> .....	<b>(((\$734,000))</b>
	<b>\$650,000</b>

**NEW SECTION. Sec. 4002.** A new section is added to 2009 c 497 (uncodified) to read as follows:

**FOR THE WASHINGTON STATE DEPARTMENT OF TRANSPORTATION**

Freight Mobility Study - SR 12 & Schouweiler Road (91000001)

The appropriation in this section is subject to the following conditions and limitations: The appropriation is provided solely for the department of transportation to conduct a study on improving freight mobility on state route no. 12 in the vicinity of Elma. The study shall include a review of possible improvements to freight mobility at Schouweiler Road.

Appropriation:

State Building Construction Account--State.....	\$500,000
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs) .....	\$0
<b>TOTAL</b> .....	<b>\$500,000</b>

**NEW SECTION. Sec. 4003.** A new section is added to 2009 c 497 (uncodified) to read as follows:

**FOR THE WASHINGTON STATE PATROL**

High Speed Driving Simulators (92000001)

The appropriation in this section is subject to the following conditions and limitations: The appropriation is provided solely for the purchase of two mobile high speed driving simulators. The Washington state patrol must assist in the purchase of the simulators and vehicles for transporting the simulators, and transfer ownership of the simulators and vehicles to the appropriate agency after consultation with stakeholders. The Washington state patrol must train the trainers on the use of the simulators. The simulators are intended to move among local police and sheriff departments in order to reduce the risks to officers and the public from high speed pursuits.

Appropriation:

State Building Construction Account--State .....	\$600,000
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs) .....	\$0
<b>TOTAL</b> .....	<b>\$600,000</b>

(End of part)

#### PART 5 EDUCATION

**Sec. 5001.** 2009 c 497 s 5007 (uncodified) is amended to read as follows:

**FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION**

Vocational Skills Centers (20084300)

Reappropriation:

State Building Construction Account--State.....	(((\$58,546,000))
	\$55,546,000
Prior Biennia (Expenditures).....	\$15,161,000
Future Biennia (Projected Costs) .....	\$0
<b>TOTAL</b> .....	<b>(((\$73,707,000))</b>
	<b>\$70,707,000</b>

**Sec. 5002.** 2009 c 497 s 5008 (uncodified) is amended to read as follows:

**FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION**

Northeast King County Skills Center (20084855)

Appropriation:

School Construction/Skills Center Building Account--State .....	(((\$9,049,000))
	\$8,052,000
Prior Biennia (Expenditures).....	\$550,000
Future Biennia (Projected Costs) .....	\$0
<b>TOTAL</b> .....	<b>(((\$9,599,000))</b>
	<b>\$8,602,000</b>

**Sec. 5003.** 2009 c 497 s 5009 (uncodified) is amended to read as follows:

**FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION**

North Central Technical Skills Center (20084861)

Appropriation:

School Construction/Skills Center Building Account--State .....	(((\$4,007,000))
	\$3,960,000
Prior Biennia (Expenditures).....	\$50,000
Future Biennia (Projected Costs) .....	\$18,500,000
<b>TOTAL</b> .....	<b>(((\$22,557,000))</b>
	<b>\$22,510,000</b>

**Sec. 5004.** 2009 c 497 s 5002 (uncodified) is amended to read as follows:

**FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION**

School Construction Assistance Grants (20084200)

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

For school construction projects funded through the school construction assistance grant program, the superintendent of public instruction shall require mapping the design of new facilities and remapping the design of facilities to be remodeled.

Reappropriation:

Common School Construction Account--State....	\$176,922,000
Appropriation:	
State Building Construction Account--State .....	\$137,267,000
Prior Biennia (Expenditures).....	\$477,570,000
Future Biennia (Projected Costs) .....	\$0
<b>TOTAL</b> .....	<b>\$791,759,000</b>

**Sec. 5005.** 2009 c 497 s 5013 (uncodified) is amended to read as follows:

**FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION**

Vocational Skills Center Minor Capital Projects (30000002)

Appropriation:

School Construction and Skill Centers Building Account--State .....	(((\$3,694,000))
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	\$3,594,000
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs) .....	\$0
<b>TOTAL</b> .....	<b>(\$3,594,000)</b>

**Sec. 5006.** 2009 c 497 s 5014 (uncodified) is amended to read as follows:

**FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION**

2009-11 School Construction Assistance Grant Program (30000031)

The appropriation in this section is subject to the following conditions and limitations:

(1) (The office of the superintendent of public instruction shall develop a tracking system to increase accuracy in predicting the timing of school district claims for reimbursement for school construction assistance grants. The office of the superintendent of public instruction shall also improve its communication with school districts regarding the status of grant projects and create requirements regarding the timing of reimbursement claims. The office of the superintendent of public instruction shall submit a report on the progress of the new tracking and communication system to the appropriate committees of the legislature by November 15, 2009. The report must include a list of school district capital projects receiving state funding and each project's anticipated final reimbursement date.)

(2)) In calculating square foot eligibility for state assistance grants, kindergarten student headcount shall not be reduced by fifty percent.

(2) For school construction projects funded through the school construction assistance grant program, the superintendent of public instruction shall require mapping the design of new facilities and remapping the design of facilities to be remodeled.

(3) Up to \$17,000,000 of the state building construction account-- state appropriation in this section is for the Grand Coulee Dam school district school project, contingent on the availability of sufficient contributions from federal, local, or private sources to make up the remainder of the total cost of the project. The Grand Coulee Dam school district is faced with a unique set of local funding barriers and federal funds may substitute as the usual requirement for school district participation. In the event sufficient matching contributions are not secured, these funds shall lapse.

(4) \$250,000 of the common school construction account--state appropriation is provided solely for the office of the superintendent of public instruction to develop a K-12 facility inventory and condition system based on option number 3, described in the joint legislative audit and review committee's January 2010 report, "K-12 Pilot Facility Inventory, Condition and Use System" as providing semi- customized information capabilities with complete state data. The office of the superintendent of public instruction must require school districts to submit any energy audits completed for K-12 public school buildings to be incorporated in the inventory system. It is the legislature's intent to improve the availability of information regarding the local use of state funds provided for school maintenance. Although school facilities are constructed by, and the property of, local jurisdictions, the legislature encourages school districts to invest in activities that extend the useful life of school district facilities. The state's general taxpayers have an interest in information regarding these local decisions since state policy has been to contribute funds in the biennial omnibus operating budget for facilities' maintenance and to contribute capital budget funds to eligible districts for renovation and replacement of buildings. In light of 2010 legislation enacting changes to RCW 28A.150.260 that increase state funding for school maintenance from \$73.27 per annual average full-time equivalent K-12 student to \$153.18 per student by the 2015-16 school year, with annual adjustments for

inflation thereafter, it is the legislature's intent to facilitate development of an information system that will provide better data regarding school districts' use of any state funds provided to assist with maintenance and to monitor facilities' conditions.

Appropriation:

State Building Construction Account--State ....	(\$369,920,000)
	\$259,000,000
Common School Construction	
Account--State .....	(\$259,029,000)
	\$200,826,000
Common School Construction	
Account--Federal .....	(\$2,500,000)
	\$1,700,000
School Construction and Skill Centers Building	
Account--Bond—State .....	(\$58,284,000)
	\$59,428,000
Subtotal Appropriation.....	(\$689,733,000)
	\$520,954,000
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs) .....	\$3,921,000,000
<b>TOTAL</b> .....	<b>(\$4,610,733,000)</b>
	<b>\$4,441,954,000</b>

**Sec. 5007.** 2009 c 497 s 5011 (uncodified) is amended to read as follows:

**FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION**

((Health, Safety,)) Energy Efficiency and Small Repair Grants (91000007)

The appropriation in this section is subject to the following conditions and limitations:

(1) Up to \$3,000,000 of the appropriation is provided solely for nonrecurring costs associated with school facility repairs and renovations necessary for health and safety. The office of the superintendent of public instruction, after consulting with maintenance and operations administrators of school districts, shall develop criteria for providing funding for specific projects to stay within the appropriation level provided in this section. The criteria must include, but are not limited to, the following: (a) Limiting recipient district applications to one hundred thousand dollars per three-year period; (b) limiting districts eligible to receive the grant only once in any three-year period; and (c) requiring any district receiving funding provided in this section to demonstrate a consistent commitment to addressing school facilities needs.

(2) ((The)) \$50,000,000 of the new appropriation is provided solely for energy operational cost savings ((and safety and health infrastructure)) improvements to school facilities ((initiated after July 1, 2009)). The appropriation must be distributed using the performance-based contracting method of delivering energy operational cost savings ((and safety and health infrastructure)) improvements to public facilities((, unless the minimal cost or the immediacy of the project makes performance-based contracting impracticable. If the minimal cost or immediacy of the project makes performance-based contracting impracticable, the school district must receive a waiver from the office of the superintendent of public instruction in order to use the appropriation to address safety and health needs)).

(3) The superintendent of public instruction must report to the appropriate committees of the legislature and the office of financial management on the timing and use of the funds by the end of each fiscal year, until the funds are fully expended.

(4) \$100,000 of the appropriation is provided solely to the Monroe public schools for retrofitting the Frank Wagner Elementary chimney.

Appropriation:

State Building Construction Account--State .....	(\$20,000,000)
	\$70,000,000

TWENTY NINTH DAY, APRIL 12, 2010

Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs) .....	\$0
TOTAL .....	<u>((-\$20,000,000))</u>
	<u>\$70,000,000</u>

**NEW SECTION.** **Sec. 5008.** A new section is added to 2009 c 497 (uncodified) to read as follows:

**FOR THE WASHINGTON STATE CENTER FOR CHILDHOOD DEAFNESS AND HEARING LOSS**

Lloyd Auditorium Emergency Repairs (30000012)

Appropriation:

State Building Construction Account--State.....	\$2,500,000
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs) .....	\$0
TOTAL .....	<u>\$2,500,000</u>

**Sec. 5009.** 2009 c 497 s 5027 (uncodified) is amended to read as follows:

**FOR THE UNIVERSITY OF WASHINGTON**

Balmer Hall Reconstruction (20081004)

The reappropriation in this section is subject to the following conditions and limitations: For construction of the facility identified in this section, the university is authorized to issue a bond or bonds financed from building fee and trust land revenue deposited into the university bond retirement account in accordance with RCW 28B.20.700 through 28B.20.740, provided that: (1) The total amount of debt to be serviced from the building account shall not exceed \$42,800,000; (2) if bonds for the project are issued as build America bonds, federal refunds on the bond interest cost shall be deposited into the University of Washington building account proportional to this project's share of the total bond issuance; and (3) for the portion of the project that is serviced by building fee and trust land revenues, the university shall select the financing method that results in the lowest cost to the University of Washington building account.

Reappropriation:

State Building Construction Account--State.....	\$3,000,000
Prior Biennia (Expenditures).....	\$1,000,000
Future Biennia (Projected Costs) .....	<u>((-\$38,600,000))</u>
	<u>\$0</u>
TOTAL .....	<u>((-\$42,600,000))</u>
	<u>\$4,000,000</u>

**Sec. 5010.** 2009 c 497 s 5029 (uncodified) is amended to read as follows:

**FOR THE UNIVERSITY OF WASHINGTON**

Interdisciplinary Academic Building (20082003)

The reappropriation in this section is subject to the following conditions and limitations: In conjunction with the reappropriation in this section, the University of Washington is authorized to issue a bond or bonds in an amount not to exceed \$53,554,000 in value for construction of the molecular engineering building identified in this section. The bond shall be financed from building fee and trust land revenues deposited into the university's bond retirement account, in accordance with RCW 28B.20.700 through 28B.20.740, provided that: (1) If bonds for the project are issued as build America bonds, federal refunds on the bond interest cost shall be deposited into the University of Washington building account proportional to this project's share of the total bond issuance; and (2) for the portion of the project that is serviced by building fee and trust land revenues, the university shall select the financing method that results in the lowest cost to the University of Washington building account.

Reappropriation:

State Building Construction Account--State.....	\$1,000,000
Prior Biennia (Expenditures).....	\$4,000,000
Future Biennia (Projected Costs) .....	\$0
TOTAL .....	<u>\$5,000,000</u>

2010 1ST SPECIAL SESSION

**Sec. 5011.** 2009 c 497 s 5024 (uncodified) is amended to read as follows:

**FOR THE UNIVERSITY OF WASHINGTON**

Clark Hall Renovation (20061007)

Reappropriation:

Education Construction Account--State.....	<u>((-\$2,000,000))</u>
	<u>\$967,000</u>

Appropriation:

State Building Construction Account--State.....	<u>\$183,000</u>
Prior Biennia (Expenditures).....	<u>\$16,054,000</u>
Future Biennia (Projected Costs) .....	\$0
TOTAL .....	<u>((-\$18,054,000))</u>
	<u>\$17,204,000</u>

**Sec. 5012.** 2009 c 497 s 5023 (uncodified) is amended to read as follows:

**FOR THE UNIVERSITY OF WASHINGTON**

Savery Hall Renovation (20061005)

Reappropriation:

Gardner-Evans Higher Education Construction Account--State.....	<u>((-\$11,000,000))</u>
	<u>\$10,822,000</u>
Prior Biennia (Expenditures).....	<u>\$50,510,000</u>
Future Biennia (Projected Costs) .....	\$0
TOTAL .....	<u>((-\$61,510,000))</u>
	<u>\$61,332,000</u>

**Sec. 5013.** 2009 c 497 s 5026 (uncodified) is amended to read as follows:

**FOR THE UNIVERSITY OF WASHINGTON**

Denny Hall Renovation (20081002)

Reappropriation:

State Building Construction Account--State.....	<u>((-\$1,700,000))</u>
	<u>\$0</u>
Prior Biennia (Expenditures).....	<u>\$3,200,000</u>
Future Biennia (Projected Costs) .....	<u>((-\$47,992,000))</u>
	<u>\$49,692,000</u>
TOTAL .....	<u>((-\$53,692,000))</u>
	<u>\$52,892,000</u>

**Sec. 5014.** 2009 c 497 s 5028 (uncodified) is amended to read as follows:

**FOR THE UNIVERSITY OF WASHINGTON**

Intermediate Student Service and Classroom Improvements (20081005)

Reappropriation:

Education Construction Account--State.....	<u>((-\$7,245,000))</u>
	<u>\$311,000</u>

Appropriation:

State Building Construction Account--State.....	<u>\$6,934,000</u>
Prior Biennia (Expenditures).....	<u>\$6,036,000</u>
Future Biennia (Projected Costs) .....	\$0
TOTAL .....	<u>\$13,281,000</u>

**Sec. 5015.** 2009 c 497 s 5037 (uncodified) is amended to read as follows:

**FOR THE UNIVERSITY OF WASHINGTON**

Lewis Hall Renovation (20081003)

Reappropriation:

State Building Construction Account--State.....	<u>((-\$1,000,000))</u>
	<u>\$478,000</u>
Prior Biennia (Expenditures).....	<u>\$1,000,000</u>
Future Biennia (Projected Costs) .....	<u>\$23,585,000</u>
TOTAL .....	<u>((-\$25,585,000))</u>
	<u>\$25,063,000</u>

**Sec. 5016.** 2009 c 497 s 5030 (uncodified) is amended to read as follows:

**FOR THE UNIVERSITY OF WASHINGTON**

UW Tacoma (20082005)

The appropriations in this section are subject to the following conditions and limitations: For construction of the facility identified in this section, the university is authorized to issue a bond or bonds financed from building fee and trust land revenue deposited into the university bond retirement account in accordance with RCW 28B.20.700 through 28B.20.740, provided that: (1) The total amount of debt to be serviced for this project from the building account shall not exceed \$7,450,000; (2) if bonds for all or a portion of the project are issued as build America bonds, federal refunds on the bond interest cost shall be deposited into the University of Washington building account proportional to this project's share of the total bond issuance; and (3) for the portion of the project that is serviced by building fee and trust land revenues, the university shall select the financing method that results in the lowest cost to the University of Washington building account.

Reappropriation:

State Building Construction Account--State ..... \$4,000,000

Appropriation:

State Building Construction Account--State ..... ((34,000,000))  
\$16,768,000

University of Washington Building Account--State ..... \$14,007,000  
Subtotal Appropriation ..... \$30,775,000

Prior Biennia (Expenditures) ..... \$2,150,000

Future Biennia (Projected Costs) ..... ((17,044,000))

\$0

**TOTAL** ..... ((57,194,000))  
\$36,925,000

**Sec. 5017.** 2009 c 497 s 5041 (uncodified) is amended to read as follows:

**FOR THE UNIVERSITY OF WASHINGTON**

Preventative Facility Maintenance and Building System Repairs (30000287)

Appropriation:

University of Washington Building Account--State ..... ((25,825,000))  
\$20,741,000

Prior Biennia (Expenditures) ..... \$0

Future Biennia (Projected Costs) ..... \$103,300,000

**TOTAL** ..... ((129,125,000))  
\$124,041,000

**Sec. 5018.** 2009 c 497 s 5035 (uncodified) is amended to read as follows:

**FOR THE UNIVERSITY OF WASHINGTON**

UW Tacoma - Land Acquisition (20092003)

((Reappropriation:

Education Construction Account--State ..... \$469,000))

Appropriation:

University of Washington Building Account--State ..... \$2,469,000  
Prior Biennia (Expenditures) ..... \$1,531,000  
Future Biennia (Projected Costs) ..... \$0  
**TOTAL** ..... ((2,000,000))  
\$4,000,000

**Sec. 5019.** 2009 c 497 s 5039 (uncodified) is amended to read as follows:

**FOR THE UNIVERSITY OF WASHINGTON**

Minor Works - Facility Preservation (30000027)

Appropriation:

State Building Construction Account--State ..... ((26,000,000))  
\$19,135,000

University of Washington Building Account--State ..... ((8,175,000))

\$15,040,000

Subtotal Appropriation ..... \$34,175,000

Prior Biennia (Expenditures) ..... \$0

Future Biennia (Projected Costs) ..... \$146,000,000

**TOTAL** ..... \$180,175,000

**Sec. 5020.** 2009 c 497 s 5055 (uncodified) is amended to read as follows:

**FOR THE WASHINGTON STATE UNIVERSITY**

Minor Works - Preservation (30000065)

Appropriation:

State Building Construction Account—

State.....	((16,128,000))	\$23,903,000
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Washington State University Building Account--

State.....	((10,000,000))	\$2,225,000
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Subtotal Appropriation..... \$26,128,000

Prior Biennia (Expenditures)..... \$0

Future Biennia (Projected Costs) ..... \$0

**TOTAL** ..... \$26,128,000

**Sec. 5021.** 2009 c 497 s 5047 (uncodified) is amended to read as follows:

**FOR THE WASHINGTON STATE UNIVERSITY**

WSU Vancouver - Applied Technology and Classroom Building (20062950)

In conjunction with the appropriation in this section, Washington State University is authorized to issue a bond or bonds in an amount not to exceed \$10,000,000 in value for construction of the facility identified in this section. The bond must be financed from building fee and trust land revenues deposited into the university's bond retirement account in accordance with RCW 28B.30.700 through 28B.30.780.

Reappropriation:

State Building Construction Account--State ..... \$1,500,000

Appropriation:

State Building Construction Account--State ..... ((26,742,000))

\$23,593,000

Prior Biennia (Expenditures) ..... \$3,420,000

Future Biennia (Projected Costs) ..... \$0

**TOTAL** ..... ((31,662,000))

\$28,513,000

**Sec. 5022.** 2009 c 497 s 5054 (uncodified) is amended to read as follows:

**FOR THE WASHINGTON STATE UNIVERSITY**

WSU Spokane - Riverpoint Biomedical & Health Sciences (20162953)

Appropriation:

State Building Construction Account--State ..... ((4,340,000))

\$7,840,000

Prior Biennia (Expenditures) ..... \$0

Future Biennia (Projected Costs) ..... ((39,775,000))

\$70,775,000

**TOTAL** ..... ((44,115,000))

\$78,615,000

**Sec. 5023.** 2009 c 497 s 5056 (uncodified) is amended to read as follows:

**FOR THE WASHINGTON STATE UNIVERSITY**

Minor Works - Program (30000066)

Appropriation:

State Building Construction Account--State ..... ((7,042,000))

\$17,527,000

((Washington State University Building Account--

State.....	((10,485,000))	\$10,485,000
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Subtotal Appropriation..... \$17,527,000

Prior Biennia (Expenditures) ..... \$0

Future Biennia (Projected Costs) ..... \$3,073,000

**TOTAL** ..... \$20,600,000

**Sec. 5024.** 2009 c 497 s 5057 (uncodified) is amended to read as follows:

**FOR THE WASHINGTON STATE UNIVERSITY**

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Preventative Facility Maintenance and Building System Repairs  
(30000287)

Appropriation:  
Washington State University Building Account—  
State.....(((\$10,115,000))  
\$28,375,000

Prior Biennia (Expenditures).....\$0  
Future Biennia (Projected Costs).....\$40,460,000  
TOTAL .....(((\$50,575,000))  
\$68,835,000

**Sec. 5025.** 2009 c 497 s 5064 (uncodified) is amended to read as follows:

**FOR THE EASTERN WASHINGTON UNIVERSITY**

Patterson Hall Remodel (20062002)

Reappropriation:  
State Building Construction Account--State.....\$400,000  
Appropriation:  
State Building Construction Account--State.....(((\$26,600,000))  
\$24,170,000  
Prior Biennia (Expenditures).....\$1,734,000  
Future Biennia (Projected Costs).....\$34,416,000  
TOTAL .....(((\$63,150,000))  
\$60,720,000

**Sec. 5026.** 2009 c 497 s 5061 (uncodified) is amended to read as follows:

**FOR THE EASTERN WASHINGTON UNIVERSITY**

Minor Works - Health, Safety, and Code Requirements  
(20081002)

Reappropriation:  
Education Construction Account--State.....(((\$1,500,000))  
\$157,000

Appropriation:  
State Building Construction Account--State .....\$1,343,000  
Prior Biennia (Expenditures).....\$2,500,000  
Future Biennia (Projected Costs).....\$0  
TOTAL .....\$4,000,000

**Sec. 5027.** 2009 c 497 s 5065 (uncodified) is amended to read as follows:

**FOR THE EASTERN WASHINGTON UNIVERSITY**

Preventive Maintenance and Building System Repairs  
(30000044)

Appropriation:  
Eastern Washington University Capital Projects  
Account--State.....(((\$2,217,000))  
\$4,409,000  
Prior Biennia (Expenditures).....\$0  
Future Biennia (Projected Costs).....\$8,868,000  
TOTAL .....(((\$11,085,000))  
\$13,277,000

**Sec. 5028.** 2009 c 497 s 5068 (uncodified) is amended to read as follows:

**FOR THE EASTERN WASHINGTON UNIVERSITY**

Minor Works - Facility Preservation (30000054)

Appropriation:  
State Building Construction Account—  
State.....(((\$3,000,000))  
\$1,375,000  
Eastern Washington University Capital Projects  
Account--State.....\$1,625,000  
Subtotal Appropriation.....\$3,000,000  
Prior Biennia (Expenditures).....\$0  
Future Biennia (Projected Costs).....\$12,000,000  
TOTAL .....\$15,000,000

**Sec. 5029.** 2009 c 497 s 5079 (uncodified) is amended to read as follows:

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**FOR THE CENTRAL WASHINGTON UNIVERSITY**

Minor Works - Infrastructure Preservation (30000009)

Appropriation:  
State Building Construction  
Account—State.....(((\$690,000))  
\$601,000

Central Washington University Capital Projects  
Account--State.....(((\$2,050,000))  
\$2,139,000  
Subtotal Appropriation.....\$2,740,000

Prior Biennia (Expenditures).....\$0  
Future Biennia (Projected Costs).....\$12,000,000  
TOTAL .....\$14,740,000

**Sec. 5030.** 2009 c 497 s 5080 (uncodified) is amended to read as follows:

**FOR THE CENTRAL WASHINGTON UNIVERSITY**

Minor Works - Facility Preservation (30000016)

Appropriation:  
((State Building Construction Account - State))  
Central Washington University Capital Projects  
Account--State.....\$2,610,000

Prior Biennia (Expenditures).....\$0  
Future Biennia (Projected Costs).....\$12,000,000  
TOTAL .....\$14,610,000

**Sec. 5031.** 2009 c 497 s 5083 (uncodified) is amended to read as follows:

**FOR THE CENTRAL WASHINGTON UNIVERSITY**

Preventative Facility Maintenance and Building System Repairs  
(30000287)

Appropriation:  
Central Washington University Capital Project Account--State ..(((\$2,422,000))  
\$4,407,000  
Prior Biennia (Expenditures).....\$0  
Future Biennia (Projected Costs).....\$9,688,000  
TOTAL .....(((\$12,110,000))  
\$14,095,000

**Sec. 5032.** 2009 c 497 s 5092 (uncodified) is amended to read as follows:

**FOR THE EVERGREEN STATE COLLEGE**

Minor Works - Preservation (30000003)

Appropriation:  
State Building Construction Account—  
State.....(((\$760,000))  
\$4,007,000

The Evergreen State College Capital Projects  
Account--State.....(((\$3,765,000))  
\$518,000  
Subtotal Appropriation.....\$4,525,000

Prior Biennia (Expenditures).....\$0  
Future Biennia (Projected Costs).....\$0  
TOTAL .....\$4,525,000

**Sec. 5033.** 2009 c 497 s 5094 (uncodified) is amended to read as follows:

**FOR THE EVERGREEN STATE COLLEGE**

Laboratory and Art Annex Building Renovation (30000026)

Appropriation:  
((State Building Construction Account - State)) The Evergreen State College Capital Projects  
Account--State.....\$4,849,000  
Prior Biennia (Expenditures).....\$0  
Future Biennia (Projected Costs).....\$0  
TOTAL .....\$4,849,000

**Sec. 5034.** 2009 c 497 s 5093 (uncodified) is amended to read as follows:

**FOR THE EVERGREEN STATE COLLEGE**

Minor Works - Health, Safety, Code Compliance (30000016)

Appropriation:

State Building Construction Account—

State.....	((-\$2,515,000))
	\$1,953,000
The Evergreen State College Capital Projects	
Account--State.....	\$562,000
Subtotal Appropriation.....	\$2,515,000
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs) .....	\$0
TOTAL .....	\$2,515,000

**Sec. 5035.** 2009 c 497 s 5097 (uncodified) is amended to read as follows:

**FOR THE EVERGREEN STATE COLLEGE**

Preventative Facility Maintenance and Building System Repairs (30000287)

Appropriation:

The Evergreen State College Capital Projects

Account--State.....	((-\$760,000))
	\$4,007,000
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs) .....	\$0

TOTAL .....	((-\$760,000))
	\$4,007,000

**NEW SECTION. Sec. 5036.** A new section is added to 2009 c 497 (uncodified) to read as follows:

**FOR THE EVERGREEN STATE COLLEGE**

Feasibility Study of Biomass Gasification Project (92000007)

Appropriation:

State Building Construction Account--State .....	\$125,000
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs) .....	\$0

TOTAL .....	\$125,000
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**Sec. 5037.** 2009 c 497 s 5104 (uncodified) is amended to read as follows:

**FOR THE WESTERN WASHINGTON UNIVERSITY**

Minor Works - Program (20082093)

Reappropriation:

State Building Construction Account—

State.....	\$1,500,000
Western Washington University Capital Projects	
Account--State.....	((-\$2,500,000))
	\$587,000

Subtotal Reappropriation.....	((-\$4,000,000))
	\$2,087,000

Appropriation:

State Building Construction Account--State .....	\$1,913,000
Prior Biennia (Expenditures).....	\$6,000,000
Future Biennia (Projected Costs) .....	\$0

TOTAL .....	\$10,000,000
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**Sec. 5038.** 2009 c 497 s 5100 (uncodified) is amended to read as follows:

**FOR THE WESTERN WASHINGTON UNIVERSITY**

Miller Hall Renovation (20041953)

Reappropriation:

State Building Construction Account--State .....

\$2,000,000

Appropriation:

State Building Construction Account--State .....

((-\$54,625,000))

Prior Biennia (Expenditures).....	\$45,744,000
Future Biennia (Projected Costs) .....	\$0

TOTAL .....	((-\$60,398,000))
	\$51,517,000

**Sec. 5039.** 2009 c 497 s 5111 (uncodified) is amended to read as follows:

**FOR THE WESTERN WASHINGTON UNIVERSITY**

Preventative Facility Maintenance and Building System Repairs (30000287)

Appropriation:

Western Washington University Capital Projects

Account--State.....	((-\$3,614,000))
	\$5,814,000

Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs) .....	\$14,456,000

TOTAL .....	((-\$18,070,000))
	\$20,270,000

**NEW SECTION. Sec. 5040.** A new section is added to 2009 c 497 (uncodified) to read as follows:

**FOR THE WASHINGTON STATE HISTORICAL SOCIETY**

Vancouver National Historic Reserve West Barracks (91000002)

The appropriation in this section is subject to the following conditions and limitations:

(1) Project funds are available on a reimbursement basis only, and shall not be advanced under any circumstances.

(2)(a) The Washington state historical society shall include provisions in the contract under this section that require that: (i) Capital improvements be held by the grantee for a specified period of time that is appropriate to the amount of the grant; and (ii) the facility be used to provide a public benefit.

(b) If the grantee is found to be out of compliance with provisions of the contract, the grantee shall repay to the state general fund the principal amount of the grant plus interest calculated at the rate of interest on state of Washington general obligation bonds issued most closely to the date of authorization of the grant.

Appropriation:

State Building Construction Account--State .....

\$1,000,000

Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs) .....	\$0

TOTAL .....	\$1,000,000
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**NEW SECTION. Sec. 5041.** A new section is added to 2009 c 497 (uncodified) to read as follows:

**FOR THE WASHINGTON STATE HISTORICAL SOCIETY**

Vancouver National Historic Reserve Visitors Center (91000001)

Appropriation:

State Building Construction Account.....

\$750,000

Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs) .....	\$0

TOTAL .....	\$750,000
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**Sec. 5042.** 2009 c 497 s 5115 (uncodified) is amended to read as follows:

**FOR THE WASHINGTON STATE HISTORICAL SOCIETY**

Washington Heritage Projects (20044004)

The reappropriation in this section is subject to the following conditions and limitations: The reappropriation is adjusted for the termination of the Bigelow House preservation association project which is no longer viable.

Reappropriation:

State Building Construction Account--State .....

((-\$690,000))

\$657,000

Prior Biennia (Expenditures).....	\$3,310,000
Future Biennia (Projected Costs) .....	\$0

TOTAL .....	((-\$4,000,000))
	\$3,967,000

**Sec. 5043.** 2009 c 497 s 5116 (uncodified) is amended to read as follows:

**FOR THE WASHINGTON STATE HISTORICAL SOCIETY**

Statewide - Washington Heritage Project Grants (20064004)

The reappropriation in this section is subject to the following conditions and limitations:

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- (1) The reappropriation is subject to the provisions of section ((733)) 212, chapter ((488)) 371, Laws of ((2005)) 2006.  
 (2) The reappropriation is adjusted for the termination of the Village Theatre project which is no longer viable.

Reappropriation:

State Building Construction Account--State .....	(((\$1,318,000)))
	\$1,253,000
Prior Biennia (Expenditures).....	\$3,346,000
Future Biennia (Projected Costs) .....	\$0
<b>TOTAL</b> .....	<b>(((\$4,664,000)))</b>
	<b><u>\$4,599,000</u></b>

**Sec. 5044.** 2009 c 497 s 5118 (uncodified) is amended to read as follows:

**FOR THE WASHINGTON STATE HISTORICAL SOCIETY**

Washington Heritage Grants (20074004)

The reappropriation in this section is subject to the following conditions and limitations:

- (1) The reappropriation is subject to the project list in section 5137, chapter 520, Laws of 2007.  
 (2) The reappropriation is adjusted for the termination of the Martin Luther King Ballet project which is no longer viable.  
 (3) The reappropriation for the historic Seattle PDA project is transferred to the Center for Wooden Boats.

Reappropriation:

State Building Construction Account--State .....	(((\$7,630,000)))
	\$7,580,000
Prior Biennia (Expenditures).....	\$2,370,000
Future Biennia (Projected Costs) .....	\$0
<b>TOTAL</b> .....	<b>(((\$10,000,000)))</b>
	<b><u>\$9,950,000</u></b>

**Sec. 5045.** 2009 c 497 s 5120 (uncodified) is amended to read as follows:

**FOR THE WASHINGTON STATE HISTORICAL SOCIETY**

Washington Heritage Project Capital Grants (30000011)

The appropriation in this section is subject to the following conditions and limitations:

- (1) The appropriation is subject to the provisions of RCW 27.34.330.  
 (2) The appropriation is provided solely for the following list of projects.  
 (3) The 2011-13 projects must be selected based on their readiness to proceed.

<b>Project</b>	<b>Recommended</b>
Wenatchee Valley Museum	\$150,000
West Point Light Station	\$300,000
Des Moines Field House	\$420,000
Washington Hall	\$381,000
Percival Landing	\$567,000
Roslyn City Hall & Library	\$194,000
((Spokane County courthouse	\$500,000))
Snoqualmie Chapel car #5	\$125,000
Edmonds Carnegie Library museum	\$48,000
Ilwaco museum collections	\$41,000
Minkler Mansion	\$200,000

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Cheney house for a museum	\$87,000
Longview Columbia theatre	\$1,000,000
Chinook School	\$350,000
Territorial Courthouse of 1858	\$167,000
Hanford Interpretive Center	\$147,000
Carnegie Library Museum	\$883,000
Dynamite Train Canopy	\$50,000
King Street Station	\$750,000
Lakewood Carriage House	\$110,000
Lincoln School	\$175,000
Quincy Pioneer Church	\$195,000
Ezra Meeker Mansion	\$100,000
Port Townsend Storage Facility	\$450,000
Puyallup Church Spire	\$17,000
Morris House and Washington Harbor School	\$27,000
Kalama Interpretive Center	\$212,000
Foss Waterway Seaport Building	\$750,000
Pioneer State Bank Building	\$201,000
Kirkman House	\$32,000
Malo Sawmill	\$70,000
Stimson-Green Mansion	\$23,000
Lightship #83	\$335,000
Masonic Temple Building	\$350,000
Wilkeson Centennial Monument	\$10,000
Eddon Boatyard ways and dock	\$243,000
Commencement Restoration	\$86,000
Vessel Shenandoah	\$179,000
((Walt's Mill	\$75,000))
<b>TOTAL</b>	<b>(((\$10,000,000)))</b>
	<b><u>\$9,425,000</u></b>

Appropriation:

State Building Construction Account--State .....	(((\$10,000,000)))
	\$9,425,000
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs) .....	\$40,000,000
<b>TOTAL</b> .....	<b>(((\$50,000,000)))</b>
	<b><u>\$49,425,000</u></b>

**Sec. 5046.** 2009 c 497 s 5174 (uncodified) is amended to read as follows:

**FOR THE COMMUNITY AND TECHNICAL COLLEGE SYSTEM**

Seattle Central Community College: Wood Construction Center (20081216)

Reappropriation:

State Building Construction Account--State ..... \$2,000,000

Appropriation:

State Building Construction Account--State ..... ((24,645,000))

\$19,760,000

Prior Biennia (Expenditures) ..... \$549,000

Future Biennia (Projected Costs) ..... \$0

TOTAL ..... ((27,194,000))

\$22,309,000

**Sec. 5047.** 2009 c 497 s 5176 (uncodified) is amended to read as follows:

**FOR THE COMMUNITY AND TECHNICAL COLLEGE SYSTEM**

Peninsula College: Business and Humanities Center (20081218)

Reappropriation:

State Building Construction Account--State ..... \$1,200,000

Appropriation:

State Building Construction Account--State ..... ((33,627,000))

\$29,644,000

Prior Biennia (Expenditures) ..... \$1,100,000

Future Biennia (Projected Costs) ..... \$0

TOTAL ..... ((35,927,000))

\$31,944,000

**Sec. 5048.** 2009 c 497 s 5127 (uncodified) is amended to read as follows:

**FOR THE COMMUNITY AND TECHNICAL COLLEGE SYSTEM**

Tacoma Community College - Science Building (20012687)

Reappropriation:

State Building Construction Account--State ..... ((1,773,000))

\$855,000

Prior Biennia (Expenditures) ..... \$30,123,000

Future Biennia (Projected Costs) ..... \$0

TOTAL ..... ((31,896,000))

\$30,978,000

**Sec. 5049.** 2009 c 497 s 5180 (uncodified) is amended to read as follows:

**FOR THE COMMUNITY AND TECHNICAL COLLEGE SYSTEM**

Green River Community College - Trades and Industry Building (20081222)

Reappropriation:

State Building Construction Account--State ..... \$11,000

Appropriation:

State Building Construction Account--State ..... ((2,625,000))

\$1,707,000

Prior Biennia (Expenditures) ..... \$127,000

Future Biennia (Projected Costs) ..... ((28,737,000))

\$29,655,000

TOTAL ..... \$31,500,000

**Sec. 5050.** 2009 c 497 s 5171 (uncodified) is amended to read as follows:

**FOR THE COMMUNITY AND TECHNICAL COLLEGE SYSTEM**

Minor Works - Facility Preservation - Roof Repairs (20081010)

Reappropriation:

Education Construction Account--State ..... ((2,500,000))

\$392,000

State Building Construction Account--State ..... \$1,000,000

Subtotal Reappropriation ..... ((3,500,000))  
\$1,392,000

Appropriation:

State Building Construction Account--State ..... \$2,108,000

Prior Biennia (Expenditures) ..... \$4,176,000

Future Biennia (Projected Costs) ..... \$0

TOTAL ..... \$7,676,000

**Sec. 5051.** 2009 c 497 s 5182 (uncodified) is amended to read as follows:

**FOR THE COMMUNITY AND TECHNICAL COLLEGE SYSTEM**

Skagit Valley College - Academic and Student Services Building (20081224)

Reappropriation:

State Building Construction Account--State ..... \$35,000

Appropriation:

State Building Construction Account--State ..... ((2,116,000))

\$1,730,000

Prior Biennia (Expenditures) ..... \$101,000

Future Biennia (Projected Costs) ..... ((28,949,000))

\$29,335,000

TOTAL ..... \$31,201,000

**Sec. 5052.** 2009 c 497 s 5210 (uncodified) is amended to read as follows:

**FOR THE COMMUNITY AND TECHNICAL COLLEGE SYSTEM**

Roof Repairs "A" (30000010)

Appropriation:

State Building Construction Account--State ..... ((8,493,000))

\$2,627,000

Community/Technical College Capital Projects

Account--State ..... \$6,854,000

Subtotal Appropriation ..... \$9,481,000

Prior Biennia (Expenditures) ..... \$0

Future Biennia (Projected Costs) ..... ((24,000,000))

\$42,000,000

TOTAL ..... ((32,493,000))

\$51,481,000

**Sec. 5053.** 2009 c 497 s 5183 (uncodified) is amended to read as follows:

**FOR THE COMMUNITY AND TECHNICAL COLLEGE SYSTEM**

Lower Columbia College - Health and Science Building (20081225)

Appropriation:

State Building Construction Account--State ..... ((2,969,000))

\$2,187,000

Prior Biennia (Expenditures) ..... \$2,500,000

Future Biennia (Projected Costs) ..... ((36,405,000))

\$37,187,000

TOTAL ..... \$41,874,000

**Sec. 5054.** 2009 c 497 s 5184 (uncodified) is amended to read as follows:

**FOR THE COMMUNITY AND TECHNICAL COLLEGE SYSTEM**

Grays Harbor College - Science and Math Building (20081226)

Reappropriation:

State Building Construction Account--State ..... \$45,000

Appropriation:

State Building Construction Account--State ..... ((3,583,000))

\$2,292,000

Prior Biennia (Expenditures) ..... \$231,000

Future Biennia (Projected Costs) ..... ((40,478,000))

\$41,769,000

TOTAL ..... \$44,337,000

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**Sec. 5055.** 2009 c 497 s 5217 (uncodified) is amended to read as follows:

**FOR THE COMMUNITY AND TECHNICAL COLLEGE SYSTEM**

Seattle Central Community College - Seattle Maritime Academy (30000120)

Appropriation:

State Building Construction Account--State.....	((-\$2,839,000))
	\$1,337,000
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs) .....	((-\$15,483,000))
	<u>\$16,985,000</u>
<b>TOTAL</b> .....	<b>\$18,322,000</b>

**Sec. 5056.** 2009 c 497 s 5218 (uncodified) is amended to read as follows:

**FOR THE COMMUNITY AND TECHNICAL COLLEGE SYSTEM**

Yakima Valley Community College - Palmer Martin Building (30000121)

Appropriation:

State Building Construction Account--State.....	((-\$1,464,000))
	\$997,000
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs) .....	((-\$13,509,000))
	<u>\$13,976,000</u>
<b>TOTAL</b> .....	<b>\$14,973,000</b>

**Sec. 5057.** 2009 c 497 s 5219 (uncodified) is amended to read as follows:

**FOR THE COMMUNITY AND TECHNICAL COLLEGE SYSTEM**

North Seattle Community College - Technology Building Renewal (30000129)

Appropriation:

State Building Construction Account--State.....	((-\$2,976,000))
	\$2,084,000
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs) .....	((-\$22,337,000))
	<u>\$23,229,000</u>
<b>TOTAL</b> .....	<b>\$25,313,000</b>

**Sec. 5058.** 2009 c 497 s 5220 (uncodified) is amended to read as follows:

**FOR THE COMMUNITY AND TECHNICAL COLLEGE SYSTEM**

Green River Community College - Science Math and Technology Building (30000130)

Appropriation:

State Building Construction Account--State.....	((-\$1,700,000))
	\$1,315,000
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs) .....	((-\$15,545,000))
	<u>\$15,930,000</u>
<b>TOTAL</b> .....	<b>\$17,245,000</b>

**Sec. 5059.** 2009 c 497 s 5204 (uncodified) is amended to read as follows:

**FOR THE COMMUNITY AND TECHNICAL COLLEGE SYSTEM**

Tacoma Community College - Health Careers Center (20082701)

Reappropriation:

State Building Construction Account--State.....	\$15,000

Appropriation:

State Building Construction Account--State.....	((-\$2,946,000))
	\$1,811,000
Prior Biennia (Expenditures).....	\$240,000
Future Biennia (Projected Costs) .....	((-\$35,565,000))

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\$36,700,000

**TOTAL** .....

\$38,766,000

**Sec. 5060.** 2009 c 497 s 5205 (uncodified) is amended to read as follows:

**FOR THE COMMUNITY AND TECHNICAL COLLEGE SYSTEM**

Bellevue Community College - Health Science Building (20082702)

Appropriation:

State Building Construction Account--State.....	((-\$4,350,000))
	\$2,910,000

Prior Biennia (Expenditures).....

\$144,000

Future Biennia (Projected Costs) .....

((-\$36,506,000))

\$37,946,000

**TOTAL** .....

\$41,000,000

**Sec. 5061.** 2009 c 497 s 5206 (uncodified) is amended to read as follows:

**FOR THE COMMUNITY AND TECHNICAL COLLEGE SYSTEM**

Bates Technical College - Mohler Communications Technology Center (20082703)

Reappropriation:

State Building Construction Account--State.....	\$20,000

Appropriation:

State Building Construction Account--State.....	((-\$1,755,000))
	\$1,192,000

Prior Biennia (Expenditures).....

\$153,000

Future Biennia (Projected Costs) .....

((-\$23,398,000))

\$23,961,000

**TOTAL** .....

\$25,326,000

**Sec. 5062.** 2009 c 497 s 5208 (uncodified) is amended to read as follows:

**FOR THE COMMUNITY AND TECHNICAL COLLEGE SYSTEM**

Clark College - Health and Advanced Technologies Building (20082705)

Reappropriation:

State Building Construction Account--State.....	\$14,000

Appropriation:

State Building Construction Account--State.....	((-\$2,506,000))
	\$2,324,000

Prior Biennia (Expenditures).....

\$236,000

Future Biennia (Projected Costs) .....

((-\$33,598,000))

\$33,780,000

**TOTAL** .....

\$36,354,000

**Sec. 5063.** 2009 c 497 s 5165 (uncodified) is amended to read as follows:

**FOR THE COMMUNITY AND TECHNICAL COLLEGE SYSTEM**

Lake Washington Technical College - Allied Health Building (20062697)

Reappropriation:

State Building Construction Account--State.....	\$900,000

Appropriation:

State Building Construction Account--State.....	((-\$25,986,000))
	\$23,876,000

Prior Biennia (Expenditures).....

\$1,029,000

Future Biennia (Projected Costs) .....

\$0

**TOTAL** .....

((-\$27,915,000))

\$25,805,000

**Sec. 5064.** 2009 c 497 s 5177 (uncodified) is amended to read as follows:

**FOR THE COMMUNITY AND TECHNICAL COLLEGE SYSTEM**

Spokane Falls Community College - Chemistry and Life Science Building (20081219)

**Reappropriation:**

State Building Construction Account--State ..... \$1,200,000

**Appropriation:**

State Building Construction Account--State .....	((27,800,000))	\$21,007,000
Prior Biennia (Expenditures).....	\$1,320,000	
Future Biennia (Projected Costs) .....	\$0	
<b>TOTAL</b> .....	((30,320,000))	<b>\$23,527,000</b>

**Sec. 5065.** 2009 c 497 s 5178 (uncodified) is amended to read as follows:

**FOR THE COMMUNITY AND TECHNICAL COLLEGE SYSTEM**

Spokane Community College - Technical Education Building (20081220)

**Reappropriation:**

State Building Construction Account--State ..... \$1,600,000

**Appropriation:**

State Building Construction Account--State .....	((30,718,000))	\$24,037,000
Prior Biennia (Expenditures).....	\$793,000	
Future Biennia (Projected Costs) .....	\$0	
<b>TOTAL</b> .....	((33,111,000))	<b>\$26,430,000</b>

**Sec. 5066.** 2009 c 497 s 5191 (uncodified) is amended to read as follows:

**FOR THE COMMUNITY AND TECHNICAL COLLEGE SYSTEM**

Spokane Falls Community College - Music Building 15 Renovation (20081320)

**Reappropriation:**

State Building Construction Account--State ..... \$475,000

**Appropriation:**

State Building Construction Account--State .....	((13,806,000))	\$10,459,000
Prior Biennia (Expenditures).....	\$667,000	
Future Biennia (Projected Costs) .....	\$0	
<b>TOTAL</b> .....	((14,948,000))	<b>\$11,601,000</b>

**Sec. 5067.** 2009 c 497 s 5151 (uncodified) is amended to read as follows:

**FOR THE COMMUNITY AND TECHNICAL COLLEGE SYSTEM**

Green River Community College - Humanities and Classroom Building Debt Service (20061205)

The appropriations in this section are subject to the following conditions and limitations: The community/technical college capital projects account appropriation in this section is subject to the following conditions and limitations: The appropriation is provided solely for debt service on the capital project account certificate of participation issued for construction of this facility. The state board shall work with the office of the state treasurer to identify ways to expedite repayment of the debt incurred on this project that is in excess of actual project costs in order to minimize unnecessary demands upon building account revenue.

**Reappropriation:**

State Building Construction Account--State ..... \$1,054,000

**Appropriation:**

Community/Technical College Capital Projects	
Account--State.....	\$4,044,000
Prior Biennia (Expenditures).....	\$1,827,000
Future Biennia (Projected Costs) .....	((0))
<b>TOTAL</b> .....	<b>\$36,432,000</b>
	((2,881,000))

**\$43,357,000**

**Sec. 5068.** 2009 c 497 s 5181 (uncodified) is amended to read as follows:

**FOR THE COMMUNITY AND TECHNICAL COLLEGE SYSTEM**

Bellingham Technical College - Instructional Resource Center Debt Service (20081223)

The appropriations in this section are subject to the following conditions and limitations: The community/technical college capital projects account appropriation is provided solely for debt service on the capital project account certificate of participation issued for construction of this facility. The state board shall authorize only as much debt as is needed to complete the project, not to exceed a total of \$27,000,000.

**Reappropriation:**

State Building Construction Account--State ..... \$1,000,000

**Appropriation:**

Community/Technical College Capital Projects	
Account--State.....	\$2,288,000
Prior Biennia (Expenditures).....	((0))
	\$824,000
Future Biennia (Projected Costs) .....	((0))
<b>TOTAL</b> .....	<b>\$37,994,000</b>
	((1,000,000))
	<b>\$42,106,000</b>

**Sec. 5069.** 2009 c 497 s 5190 (uncodified) is amended to read as follows:

**FOR THE COMMUNITY AND TECHNICAL COLLEGE SYSTEM**

Spokane Community College - Building 7 Renovation (20081319)

**Reappropriation:**

State Building Construction Account--State ..... \$986,000

**Appropriation:**

State Building Construction Account--State .....	((9,748,000))	\$8,343,000
Prior Biennia (Expenditures).....	\$23,000	
Future Biennia (Projected Costs) .....	\$0	
<b>TOTAL</b> .....	((10,757,000))	<b>\$9,352,000</b>

**Sec. 5070.** 2009 c 497 s 5192 (uncodified) is amended to read as follows:

**FOR THE COMMUNITY AND TECHNICAL COLLEGE SYSTEM**

Pierce College Fort Steilacoom - Cascade Core (20081321)

**Reappropriation:**

State Building Construction Account--State ..... \$1,200,000

**Appropriation:**

State Building Construction Account--State .....	((15,000,000))	\$13,099,000
Community/Technical College Capital Projects		
Account--State.....	\$8,500,000	
Subtotal Appropriation.....	\$21,599,000	
Prior Biennia (Expenditures).....	\$1,042,000	
Future Biennia (Projected Costs) .....	\$0	
<b>TOTAL</b> .....	<b>((17,242,000))</b>	
	<b>\$23,841,000</b>	

**Sec. 5071.** 2009 c 497 s 5168 (uncodified) is amended to read as follows:

**FOR THE COMMUNITY AND TECHNICAL COLLEGE SYSTEM**

North Seattle Community College - Employment Resource Center (20062851)

**Reappropriation:**

State Building Construction Account--State ..... \$700,000

**Appropriation:**

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State Building Construction Account--State .....	((-\$5,000,000))
	\$7,676,000
Prior Biennia (Expenditures).....	\$1,790,000
Future Biennia (Projected Costs) .....	\$0
TOTAL .....	((-\$7,490,000))
	<u>\$10,166,000</u>

**Sec. 5072.** 2009 c 497 s 5135 (uncodified) is amended to read as follows:

**FOR THE COMMUNITY AND TECHNICAL COLLEGE SYSTEM**

Clark College - East County Satellite (20041689)

Reappropriation:

Gardner-Evans Higher Education Construction Account--State.....	((-\$5,000,000))
	\$4,780,000
Prior Biennia (Expenditures).....	\$24,876,000
Future Biennia (Projected Costs) .....	\$0
TOTAL .....	((-\$29,876,000))
	<u>\$29,656,000</u>

**Sec. 5073.** 2009 c 497 s 5195 (uncodified) is amended to read as follows:

**FOR THE COMMUNITY AND TECHNICAL COLLEGE SYSTEM**

Bellevue Community College - L Building Emergency Repairs (20081850)

Reappropriation:

State Building Construction Account--State .....	((-\$1,460,000))
	\$387,000
Prior Biennia (Expenditures).....	\$203,000
Future Biennia (Projected Costs) .....	\$0
TOTAL .....	((-\$1,663,000))
	<u>\$590,000</u>

**Sec. 5074.** 2009 c 497 s 5223 (uncodified) is amended to read as follows:

**FOR THE COMMUNITY AND TECHNICAL COLLEGE SYSTEM**

Minor Works - Preservation (30000210)

Appropriation:

((State Building Construction Account--State .....	\$15,116,000))
Community/Technical College Capital Projects	
Account--State.....	\$16,000,000
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs) .....	\$0
TOTAL .....	((-\$15,116,000))
	<u>\$16,000,000</u>

**Sec. 5075.** 2009 c 497 s 5179 (uncodified) is amended to read as follows:

**FOR THE COMMUNITY AND TECHNICAL COLLEGE SYSTEM**

Everett Community College - Index Hall Replacement (20081221)

Reappropriation:

State Building Construction Account--State .....	\$1,150,000
Appropriation:	
State Building Construction Account--State .....	((-\$2,301,000))
	\$2,157,000
Prior Biennia (Expenditures).....	\$1,650,000
Future Biennia (Projected Costs) .....	((-\$40,205,000))
	<u>\$40,349,000</u>
TOTAL .....	\$45,306,000

**Sec. 5076.** 2009 c 497 s 5213 (uncodified) is amended to read as follows:

**FOR THE COMMUNITY AND TECHNICAL COLLEGE SYSTEM**

Minor Works - Program (30000078)

Appropriation:

State Building Construction Account--State .....	\$3,858,000
Community/Technical College Capital Projects	
Account--State.....	((-\$9,714,000))
	\$12,227,000
Subtotal Appropriation.....	((-\$13,572,000))
	<u>\$16,085,000</u>
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs) .....	\$80,000,000
TOTAL .....	((-\$93,572,000))
	<u>\$96,085,000</u>

**Sec. 5077.** 2009 c 497 s 5164 (uncodified) is amended to read as follows:

**FOR THE COMMUNITY AND TECHNICAL COLLEGE SYSTEM**

Spokane Falls Community College - Campus Classrooms (20062696)

Reappropriation:

State Building Construction Account--State .....	((-\$1,450,000))
	\$883,000
Prior Biennia (Expenditures).....	\$434,000
Future Biennia (Projected Costs) .....	\$0
TOTAL .....	((-\$1,884,000))
	<u>\$1,317,000</u>

**NEW SECTION.** **Sec. 5078.** A new section is added to 2009 c 497 (uncodified) to read as follows:

**FOR THE COMMUNITY AND TECHNICAL COLLEGE SYSTEM**

Construction Contingency Pool (92000007)

The appropriation in this section is provided solely for allocation by the state board for community and technical colleges for major construction and renovation projects that confront emergent and unavoidable costs in excess of the construction contingency and management reserves included in the project appropriation. The board shall report at least quarterly to the office of financial management and the legislative capital budget committees on requests for and allocations from the pool.

Appropriation:

State Building Construction Account--State .....	\$3,076,000
Gardner-Evans Higher Education Construction Account--State.....	\$263,000
Subtotal Appropriation.....	\$3,339,000
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs) .....	\$0
TOTAL .....	\$3,339,000

**Sec. 5079.** 2009 c 497 s 5224 (uncodified) is amended to read as follows:

**FOR THE COMMUNITY AND TECHNICAL COLLEGE SYSTEM**

Preventative Facility Maintenance and Building System Repairs (30000287)

Appropriation:

Community and Technical Colleges Capital Projects Account--State.....	((-\$22,800,000))
	\$0
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs) .....	\$91,208,000
TOTAL .....	((-\$114,008,000))
	<u>\$91,208,000</u>

**Sec. 5080.** 2009 c 497 s 5143 (uncodified) is amended to read as follows:

**FOR THE COMMUNITY AND TECHNICAL COLLEGE SYSTEM**

Centralia Community College - Science Building (20042850)

Reappropriation:

State Building Construction Account--State.....	\$194,000
Gardner-Evans Higher Education Construction Account--State.....	<u>(((\$3,000,000)))</u>
	\$2,737,000
Subtotal Reappropriation.....	<u>(((\$3,194,000)))</u>
	\$2,931,000
Prior Biennia (Expenditures).....	\$28,919,000
Future Biennia (Projected Costs) .....	\$0
TOTAL .....	<u>(((\$32,113,000)))</u>
	<u>\$31,850,000</u>

**Sec. 5081.** 2009 c 497 s 5167 (uncodified) is amended to read as follows:

**FOR THE COMMUNITY AND TECHNICAL COLLEGE SYSTEM**

Clover Park Technical College - Allied Health Care Facility (20062699)

Reappropriation:

State Building Construction Account--State.....	<u>(((\$1,020,000)))</u>
	\$323,000
Prior Biennia (Expenditures).....	\$1,425,000
Future Biennia (Projected Costs) .....	\$0

TOTAL .....	<u>(((\$2,445,000)))</u>
	<u>\$1,748,000</u>

(End of part)

**PART 6**  
**MISCELLANEOUS AND SUPPLEMENTAL PROVISIONS**

**Sec. 6001.** 2009 c 497 s 6009 (uncodified) is amended to read as follows:

**ACQUISITION OF PROPERTIES AND FACILITIES THROUGH FINANCIAL CONTRACTS.** The following agencies may enter into financial contracts, paid from any funds of an agency, appropriated or nonappropriated, for the purposes indicated and in not more than the principal amounts indicated, plus financing expenses and required reserves pursuant to chapter 39.94 RCW. When securing properties under this section, agencies shall use the most economical financial contract option available, including long-term leases, lease-purchase agreements, lease-development with option to purchase agreements or financial contracts using certificates of participation. Expenditures made by an agency for one of the indicated purposes before the issue date of the authorized financial contract and any certificates of participation therein are intended to be reimbursed from proceeds of the financial contract and any certificates of participation therein to the extent provided in the agency's financing plan approved by the state finance committee.

State agencies may enter into agreements with the department of general administration and the state treasurer's office to develop requests to the legislature for acquisition of properties and facilities through financial contracts. The agreements may include charges for services rendered.

Those noninstructional facilities of higher education institutions authorized in this section to enter into financial contracts are not eligible for state funded maintenance and operations. Instructional space that is available for regularly scheduled classes for academic transfer, basic skills, and workforce training programs may be eligible for state funded maintenance and operations.

(1) Department of corrections: ((Enter into a financing contract for up to \$17,958,000 plus financing expenses and required reserves pursuant to chapter 39.94 RCW to purchase or build work release beds, violator beds, or other community based re entry facilities.)) Enter into a financing contract for up to \$12,400,000 plus financing expenses and required reserves pursuant to chapter

39.94 RCW to move correctional industries facilities and operations from McNeil island corrections center to Stafford creek corrections center.

(2) Community and technical colleges:

(a) Enter into a financing contract on behalf of Walla Walla Community College for up to \$1,000,000 plus financing expenses and required reserves pursuant to chapter 39.94 RCW to purchase up to 40 acres of land.

(b) Enter into a financing contract on behalf of Bellingham Technical College for up to \$1,390,000 plus financing expenses and required reserves pursuant to chapter 39.94 RCW to develop an instructional resource center.

(c) Enter into a financing contract on behalf of Bellingham Technical College for up to (((\$28,968,000))) \$27,000,000 plus financing expenses and required reserves pursuant to chapter 39.94 RCW to develop an instructional resource center. The cost of this financing contract shall be paid from the community and technical colleges capital projects account. This facility shall be eligible for maintenance and operations funding on the same terms as if constructed with state general obligation bonds.

(d) Enter into a financing contract on behalf of Edmonds Community College for up to \$5,000,000 plus financing expenses and required reserves pursuant to chapter 39.94 RCW to provide space for allied health and construction industry.

(e) Contingent upon the sale and purchase specified in section 5071 of this act, enter into a financing contract on behalf of Spokane Community College for up to \$3,400,000 plus financing expenses and required reserves pursuant to chapter 39.94 RCW to purchase the Riverpoint One building.

(f) Enter into a financing contract on behalf of North Seattle Community College for up to \$8,900,000 plus financing expenses and required reserves pursuant to chapter 39.94 RCW to develop an employment resource center.

(g) Enter into a financing contract on behalf of Everett Community College for up to \$25,000,000 plus financing expenses and required reserves pursuant to chapter 39.94 RCW to develop a student fitness and health center.

(h) Enter into a financing contract on behalf of Wenatchee Valley Community College for up to \$2,700,000 plus financing expenses and required reserves pursuant to chapter 39.94 RCW to purchase a music and art center.

(i) Enter into a financing contract on behalf of Green River Community College for up to \$20,000,000 plus financing expenses and required reserves pursuant to chapter 39.94 RCW to develop a 40,000 square foot addition to Green River Kent station.

(j) Enter into a financing contract on behalf of Walla Walla Community College for up to \$1,000,000 plus financing expenses and required reserves pursuant to chapter 39.94 RCW for the water and environment center.

(k) Enter into a financing contract pursuant to chapter 39.94 RCW on behalf of Green River Community College for up to \$26,532,000 plus financing expenses and required reserves to construct a new classrooms facility as specified in project 20061205. The cost of this financing contract shall be paid from the community and technical colleges capital projects account. This facility shall be eligible for maintenance and operations funding on the same terms as if constructed with state general obligation bonds.

(3) Parks and recreation commission: Enter into a financing contract for up to \$2,500,000 plus financing expenses and required reserves pursuant to chapter 39.94 RCW for the Mount Spokane lodge. The parks and recreation commission shall use energy savings performance contracting if practicable. The lodge shall be operated by a private concessionaire under a contract with the parks and recreation commission that is a qualified management contract under the applicable internal revenue service guidelines.

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(4) Department of general administration: Enter into a financing contract for up to \$27,144,000 plus financing expenses and required reserves pursuant to chapter 39.94 RCW for the rehabilitation of the John L. O'Brien building, subject to approval of the project scope by the speaker of the house of representatives and the chief clerk of the house of representatives.

(5) Department of ecology: Enter into a financing contract for up to \$11,000,000 plus financing expenses and required reserves pursuant to chapter 39.94 RCW to rebuild the east wall of the department of ecology's headquarters building in Lacey, Washington.

(6) Washington State University: Enter into a financing contract for up to \$15,000,000 plus financing expenses and required reserve pursuant to chapter 39.94 RCW for a student information system.

(7) Department of social and health services: Enter into a financing contract for up to \$15,850,000 plus financing expenses and required reserves pursuant to chapter 39.94 RCW to construct or renovate specialized housing and treatment facilities for youth committed to the juvenile rehabilitation administration. The debt service is to be paid with the savings associated with closure of the Maple Lane school.

NEW SECTION. Sec. 6002. A new section is added to 2009 c 497 (uncodified) to read as follows:

**FOR THE DEPARTMENT OF GENERAL ADMINISTRATION--ENERGY SAVINGS PERFORMANCE CONTRACTING.** (1) The department of general administration, in fulfilling its requirement to maintain a registry of energy service contractors pursuant to RCW 39.35A.050, shall update the preapproved list of energy services companies that are qualified to provide services to public facilities in the state by June 30, 2010.

(2) The department of general administration must develop guidelines that are consistent with national and international energy savings performance standards for the implementation of energy savings performance contracting projects June 30, 2010.

NEW SECTION. Sec. 6003. A new section is added to 2009 c 497 (uncodified) to read as follows:

**FOR THE OFFICE OF FINANCIAL MANAGEMENT.** The office of financial management budget instructions, required by chapter 43.88 RCW, must instruct all agencies submitting budget requests for building renovations and improvements and operating budget requests for facility leases to conduct preliminary energy audits if proposed renovations or improvements involve building envelope, heating, ventilating, air conditioning, controls, and lighting. The budget instructions must also direct agencies to contact the department of general administration for assistance, if necessary.

NEW SECTION. Sec. 6004. A new section is added to 2009 c 497 (uncodified) to read as follows:

**DEBT AFFORDABILITY STUDY.** The office of the state treasurer shall prepare a debt affordability study by December 1, 2010, that provides an assessment of the state's current debt portfolio and an analysis of the impact of future debt issuance. The study must include but is not limited to: An overview of the state's outstanding and projected debt; the structure of the debt portfolio; the cost of existing debt; sources of funds for interest, principal, or lease payments; and the purposes for which debt instruments and financing contracts are issued. To assist with this work, the office of the state treasurer shall convene and staff a work group to include staff from the fiscal committees of the state house of representatives and state senate and the office of financial management.

NEW SECTION. Sec. 6005. A new section is added to 2009 c 497 (uncodified) to read as follows:

**FOR SPOKANE COMMUNITY COLLEGE.** The Washington state military department shall transfer building 100

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and 5.47 acres of associated land at Geiger field to Spokane community college for the development of a Spokane aerospace technology center.

**Sec. 6006.** 2008 c 5 s 1 (uncodified) is amended to read as follows:

Pursuant to chapter 43.155 RCW, the following project loans recommended by the public works board are authorized to be made with funds appropriated from the public works assistance account, and no loan authorized in this act shall bear an interest rate greater than one-half of one percent:

- |  |              |
|--|--------------|
| (1) Arlington--sanitary sewer project--expand and upgrade the wastewater treatment plant and biosolids composting facility to meet new discharge limitations, produce a higher quality effluent, and accommodate future growth.....  | \$10,000,000 |
| (2) Auburn--street project--reconstruct approximately 0.3 miles of roadway with four travel lanes to bring up to current arterial and truck route standards and modify intersection to optimize efficiency and level of service .....  | \$1,800,000  |
| (3) Blaine--sanitary sewer project--construct a new wastewater treatment plant and section of outfall pipe to increase treatment capacity, produce reuse quality water, and improve Puget Sound water quality for shellfish .....  | \$10,000,000 |
| (4) Bonney Lake--domestic water project--replace approximately 71,000 linear feet of leaky water mains to reduce current water loss by ten percent.....  | \$5,352,000  |
| (5) Bonney Lake--sanitary sewer project--replace approximately 12,000 linear feet of failing interceptor sewer pipes .....   | \$4,648,000  |
| (6) Buckley--sanitary sewer project--rebuild the wastewater treatment plant to provide nutrient removal and meet state and federal discharge regulations and the construction of an interceptor .....  | \$5,000,000  |
| (7) Camas--sanitary sewer project--construct improvements to the wastewater treatment facilities to provide class A biosolids at the main sewage pump station.....   | \$10,000,000 |
| (8) Clark county--road project--construct new road segments, widen roadways, improve and redesign intersections, and install and modify traffic signals necessary to improve a major interchange with two freeways .....   | \$10,000,000 |
| (9) Clark regional wastewater district--sanitary sewer project--modify existing and construct new wastewater facilities to process approximately 4.65 million gallons more of wastewater per day and ensure treatment processes continue to be in compliance with current regulations.....   | \$8,000,000  |
| (10) Coal creek utility district--sanitary sewer project--construct sewer lift station, approximately 1,250 lineal feet of gravity sewer main, and 500 feet of force main to provide public sewer to approximately 25 properties on a lake that have private septic systems that have failed or are in prefailure status .....   | \$898,875    |
| (11) College Place--domestic water project--construct two steel tanks, a booster station, approximately 6,000 feet of transmission line, 3,400 feet of water mains, three pressure reducing valves, and associated telemetry to rectify a deficiency in fire flow and standby water storage protection.....  | \$4,710,051  |
| (12) Cowlitz county public utility district No. 1--domestic water project--construction of approximately six new groundwater supply wells, 2,100 feet of raw water piping a new water treatment plant producing approximately 20 million gallons per day of potable water, and approximately 4,350 feet of transmission main to connect to the system to replace current water supply that is being impacted by increasing water sediment..... | \$3,213,000  |

- (13) Ephrata--domestic water project--replace approximately 68,000 feet of failing water mains, 50,000 feet of failing water service pipes, and the resurfacing of 20 miles of overlaying roadway, including approximately 100 fire hydrants, 400 catch basins, 15 storm sewer drywells, 22,000 feet of curb and gutter, and 16,000 feet of storm sewer pipe.....\$6,605,727
- (14) Freeland water district--domestic water project--connect a new well and new reservoir to the existing system, rehabilitate the existing well, and install new equipment to increase system reliability, redundancy, and capacity. Install new chlorination equipment to improve water quality .....\$347,516
- (15) Gig Harbor--sanitary sewer project--improvements to the wastewater treatment plant including new equipment and electrical work, add a third clarifier, install ultraviolet disinfection, and extend and upsize the outfall .....\$10,000,000
- (16) Highline water district--domestic water project--construction of 11,350 feet of transmission main and looping of pipes to eliminate low pressures and fire flows and improve water quality, and create a new pressure zone to correct high pressures.....\$5,390,418
- (17) Karcher creek sewer district--sanitary sewer project--install a new sewer system, including a lift station and approximately 3,600 lineal feet of sewer main, in conjunction with a road project to service approximately 17 homes that will lose their septic systems due to the road project.....\$1,358,130
- (18) Kennewick--sanitary sewer project--construct improvements to critical wastewater treatment plant processes to enhance reliability, improve energy efficiency and redundancy, as well as increase the capacity of the sludge pumping station.....\$5,500,000
- (19) Kent--street project--construct two bridges, one for the roadway over a set of railroad tracks, and one for railroad tracks over a lowered roadway. This will grade separate the tracks from the roadway to provide safe and reliable operations twenty-four hours a day \$10,000,000
- (20) King county--sanitary sewer project--construct 13,100 lineal feet of pipe to convey approximately 9 million gallons per day of reclaimed water to reduce withdrawals of 250-acre feet per year from the Sammamish river .....\$7,000,000
- (21) La Center--sanitary sewer project--upgrade wastewater treatment plant to reduce the levels of nitrogen discharged in the effluent and approximately doubling the operation of the plant and producing class A reuse water .....\$10,000,000
- (22) Lake Forest Park water district--domestic water project--replace approximately 6,915 lineal feet of undersized and corroded water pipes to improve safety and reliability of the system by reducing pipe failures and increasing fire flow .....\$917,935
- (23) Lake Stevens--sanitary sewer project--construct a new wastewater treatment plant, 9,500 feet of interceptor line, a pump station, and an outfall pipe in partnership with Lake Stevens sewer district \$10,000,000
- (24) Lake Stevens sewer district--sanitary sewer project--construct a new wastewater treatment plant, 9,500 feet of interceptor line, a pump station, and an outfall pipe in partnership with the city of Lake Stevens.....\$10,000,000
- (25) Lakewood--sanitary sewer project--construct 3 pump stations, approximately 17,200 linear feet of force mains, 13,500 linear feet of gravity collector pipe line, and 320 side sewer stubs to service two neighborhoods currently served exclusively by septic systems.....\$1,840,000
- (26) LOTT alliance--sanitary sewer project--construct approximately 7,400 feet of force main and replace existing pump station with new 1,000 gallon per minute pump station ..\$4,003,807
- (27) Mansfield--sanitary sewer project--expand and rehabilitate wastewater treatment lagoons and effluent spray irrigation system as well as remove the discharge of groundwater from basement sump pumps to the collection system .....\$235,600
- (28) Midway sewer district--sanitary sewer project--replace approximately 16,500 lineal feet of sewer mains and 50 manholes to reduce infiltration and inflow.....\$3,782,500
- (29) Mount Vernon--sanitary sewer project--upgrade existing wastewater treatment plant, including a new pretreatment facility, 4 additional clarifiers, upgrade aeration basins, installation of an ultraviolet disinfection system, and odor control system ..... \$10,000,000
- (30) Newcastle--road project--reconstruct, widen, and signalize approximately 5,200 linear feet of road to 2 lanes in each direction, add left turn lanes, sidewalks, bicycle lanes, install lighting systems, replace two-lane bridge with a four-lane bridge, and install new traffic signals.....\$5,000,000
- (31) Olympia--sanitary sewer project--install approximately 6,500 linear feet of sewer mains and construct a lift station to serve 63 homes with failing on-site sewage systems .....\$1,808,375
- (32) Olympus Terrace sewer district--sanitary sewer project--rehabilitate approximately 9,350 linear feet of sewer trunkline, construct approximately 9,800 linear feet of high-flow storm water bypass piping for excess flow, construct approximately 4,150 linear feet of road access, and restore creek habitat.....\$8,000,000
- (33) Omak--sanitary sewer project((--add 2 compost containers, convert storage tank to sludge holding tank, and install a second headworks screen to increase the wastewater treatment plant capacity by 35 percent)).....\$450,000
- (34) Port Angeles--sanitary sewer project--construct approximately 11,500 feet of sewer main, modify a storage tank, and modify the wastewater treatment plant .....\$10,000,000
- (35) Regional board of mayors--solid waste project--close landfill site by capping and sealing with a soil cap.....\$859,500
- (36) Regional board of mayors--solid waste project--construct a new solid waste transfer station, including structures and equipment.....\$1,541,000
- (37) Ronald wastewater district--sanitary sewer project--rehabilitate 2 lift stations by replacing pumps, valves, fittings, piping, odor control systems, and electrical equipment.....\$955,400
- (38) Seattle--domestic water project--replace floating pumps with land-based pump station with a maximum capacity of approximately 250 million gallons per day, including 8 pumps, concrete structure, a tunnel, approximately 4,000 feet of pipeline, and a standby generator.....\$10,000,000
- (39) Sedro-Woolley--sanitary sewer project--rehabilitate or replace 4 interceptor segments totaling approximately 29,700 linear feet, install 2 pump stations, and upgrade the secondary clarifier in order to lift a building moratorium .....\$6,023,491
- (40) Shelton--sanitary sewer project--construct a satellite reclamation plant with a capacity of approximately 0.4 million gallons per day to produce class A reclaimed water, approximately 22,000 linear feet of sewer pipelines, and approximately 25,000 linear feet of reclaimed water force main .....\$2,079,360
- (41) Shelton--sanitary sewer project--replace approximately 38,480 linear feet of mainline sewers to reduce inflow and infiltration.....\$5,737,500
- (42) Skagit county sewer district No. 2--sanitary sewer project--upgrade wastewater treatment plant to a water reclamation facility to provide class A reclaimed water with a capacity of approximately 0.35 million gallons per day.....\$10,000,000
- (43) Snohomish--sanitary sewer project--construct approximately 1,900 feet of sewer pipe, a new pump station with a capacity of approximately 8,000 gallons per minute, and approximately 4,300 feet of force main to reduce overflows .....\$2,000,000

TWENTY NINTH DAY, APRIL 12, 2010

(44) Snohomish--sanitary sewer project((~~upgrade existing wastewater treatment plant including a new influent flow structure, screens, aerators, effluent filtration, ultraviolet disinfection, effluent pump station, improvements to the existing lagoons, and electrical improvements~~)).....\$4,500,000

(45) Snohomish county--road project--construct a new, approximately two-mile, two-lane truck route around the city of Granite Falls, including 3 roundabouts to improve safety and air quality in the downtown area.....\$10,000,000

(46) Southwest Suburban sewer district--sanitary sewer project-- replace and/or slipline approximately 5,470 feet of trunk/interceptor sewer main and construct a new lift station to reduce overflows .....\$3,268,250

(47) Tacoma--domestic water project--replace 3 open-topped concrete reservoirs with 2 enclosed concrete reservoirs of approximately 33 million gallons each and related piping to comply with the safe drinking water act and a bilateral compliance agreement.....\$10,000,000

(48) Tekoa--sanitary sewer system--reconstruct approximately 1,000 feet of failing sewer line and manholes to reduce significant groundwater infiltration .....\$135,115

(49) Three rivers regional wastewater authority--sanitary sewer project--construct 2 clarifiers and associated piping to replace 2 failed clarifiers at the wastewater plant.....\$6,630,750

(50) Washougal--sanitary sewer project--construct a new wastewater treatment plant headworks, including a fine screen, grit removal, and replace approximately 150 linear feet of gravity sewer, and make improvements to the lagoons, including 450 linear feet of piping, modify overflow structures, and a new pump

.....\$3,100,000

(51) Yakima--domestic water project--develop a new, approximately 3,000 gallon per minute, domestic water well, including drilling, placement of casing, a new pump house, and connection to the existing water distribution system in order to augment the water supply during drought conditions

.....\$2,257,200

(52) Yakima--street project--construct 2 underpasses and reconstruct 3 lanes on each roadway under a railroad mainline to accommodate additional rail and reduce traffic and emergency response delays and air pollution .....\$3,000,000

**Sec. 6007.** RCW 43.155.050 and 2009 c 564 s 940 are each amended to read as follows:

(1) The public works assistance account is hereby established in the state treasury. Money may be placed in the public works assistance account from the proceeds of bonds when authorized by the legislature or from any other lawful source. Money in the public works assistance account shall be used to make loans and to give financial guarantees to local governments for public works projects. Moneys in the account may also be appropriated to provide for state match requirements under federal law for projects and activities conducted and financed by the board under the drinking water assistance account. Not more than fifteen percent of the biennial capital budget appropriation to the public works board from this account may be expended or obligated for preconstruction loans, emergency loans, or loans for capital facility planning under this chapter; of this amount, not more than ten percent of the biennial capital budget appropriation may be expended for emergency loans and not more than one percent of the biennial capital budget appropriation may be expended for capital facility planning loans. During the 2009-2011 fiscal biennium, the legislature may transfer from the public works assistance account to the general fund and the city-county assistance account such amounts as reflect the excess fund balance of the account. During the 2009-2011 fiscal biennium, sums in the public works assistance

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account may be used for the water pollution control revolving fund program match in section 3013 of this act.

(2) The job development fund is hereby established in the state treasury. Moneys in the job development fund may be spent only after appropriation.

**Sec. 6008.** RCW 28B.20.725 and 1969 ex.s. c 223 s 28B.20.725 are each amended to read as follows:

The board is hereby empowered:

(1) To reserve the right to issue bonds later on a parity with any bonds being issued;

(2) To authorize the investing of moneys in the bond retirement fund and any reserve account therein;

(3) To authorize the transfer of money from the University of Washington building account to the bond retirement fund when necessary to prevent a default in the payments required to be made out of such fund;

(4) To create a reserve account or accounts in the bond retirement fund to secure the payment of the principal of and interest on any bonds;

(5) To authorize the transfer to the University of Washington building account of any money on deposit in the bond retirement fund in excess of debt service for a period of three years from the date of such transfer on all outstanding bonds payable out of such fund. However, during the 2009-2011 fiscal biennium, the legislature may transfer to the University of Washington building account moneys that are in excess of the debt service due within one year of the date of transfer on all outstanding bonds payable out of the bond retirement fund.

**Sec. 6009.** RCW 28B.30.750 and 1969 ex.s. c 223 s 28B.30.750 are each amended to read as follows:

The board is hereby empowered:

(1) To reserve the right to issue bonds later on a parity with any bonds being issued;

(2) To authorize the investing of moneys in the bond retirement fund and any reserve account therein;

(3) To authorize the transfer of money from the Washington State University building account to the bond retirement fund when necessary to prevent a default in the payments required to be made out of such fund;

(4) To create a reserve account or accounts in the bond retirement fund to secure the payment of the principal of and interest on any bonds;

(5) To authorize the transfer to the Washington State University building account of any money on deposit in the bond retirement fund in excess of debt service for a period of three years from the date of such transfer on all outstanding bonds payable out of such fund. However, during the 2009-2011 fiscal biennium, the legislature may transfer to the Washington State University building account moneys that are in excess of the debt service due within one year of the date of transfer on all outstanding bonds payable out of the bond retirement fund.

**NEW SECTION.** **Sec. 6010.** A new section is added to 2009 c 497 (uncodified) to read as follows:

#### FOR THE STATE TREASURER--TRANSFERS

University of Washington bond retirement fund:

For transfer to the University of Washington

building account for fiscal year 2010 .....\$14,000,000

**Sec. 6011.** RCW 43.160.080 and 2008 c 327 s 11 are each amended to read as follows:

There shall be a fund in the state treasury known as the public facilities construction loan revolving account, which shall consist of all moneys collected under this chapter and any moneys appropriated to it by law. Disbursements from the revolving account shall be on authorization of the board. In order to maintain an effective expenditure and revenue control, the public facilities

construction loan revolving account shall be subject in all respects to chapter 43.88 RCW. During the 2009-2011 biennium, sums in the public facilities construction loan revolving account may be used for community economic revitalization board export assistance grants and loans in section 1018 of this act and for matching funds for the federal energy regional innovation cluster in section 1017 of this act.

**Sec. 6012.** 2009 c 497 s 6004 (uncodified) is amended to read as follows:

(1) The office of financial management may ((authorize a)) transfer ((or)) appropriation authority provided for a capital project that is in excess of the amount required for the completion of ((such)) the project ((to another capital project for which the appropriation is insufficient. No such transfer may be used to expand the capacity of any facility beyond that intended in making the appropriation. Such transfers may be effected only between capital appropriations to a specific department, commission, agency, or institution of higher education and only between capital projects that are funded from the same fund or account. No transfers may occur between projects to local government agencies except where the grants are provided within a single omnibus appropriation and where such transfers are specifically authorized by the implementing statutes that govern the grants.))

((2) The office of financial management may find that an amount is in excess of the amount required for the completion of a project only if: (a) The project as defined in the notes to the budget document is substantially complete and there are funds remaining; or (b) bids have been let on a project and it appears to a substantial certainty that the project as defined in the notes to the budget document can be completed within the biennium for less than the amount appropriated in this act.

((3))), based on the authorized scope, to the risk pool in section 1021.

(2) For the purposes of this section, the intent is that each project be defined as proposed to the legislature in the governor's budget document, unless it clearly appears from the legislative history that the legislature intended to define the scope of a project in a different way.

((4) Transfers of funds to an agency's infrastructure savings appropriation are subject to review and approval by the office of financial management. Expenditures from an infrastructure savings appropriation are limited to projects that have a primary purpose to correct infrastructure deficiencies or conditions that: (a) Adversely affect the ability to utilize the infrastructure for its current programmatic use; (b) reduce the life expectancy of the infrastructure; or (c) increase the operating costs of the infrastructure for its current programmatic use. Eligible infrastructure projects may include structures and surface improvements, site amenities, utility systems outside building footprints and natural environmental changes or requirements as part of an environmental regulation, a declaration of emergency for an infrastructure issue in conformance with RCW 43.88.250, or infrastructure planning as part of a facility master plan.)

((5) A report of any transfer effected under this section, except emergency projects or any transfer under \$250,000, shall be filed with the legislative fiscal committees of the senate and house of representatives by the office of financial management at least thirty days before the date the transfer is effected. The office of financial management shall report all emergency or smaller transfers within thirty days from the date of transfer.))

(3) The office of financial management shall not allot any portion of a capital budget appropriation for: (a) Contingencies above the amount required for completion of a project as described in budget documents submitted as part of the governor's capital budget request or consistent with legislative history; (b) proposed alternates submitted in bid documents if agencies cannot document a programmatic need and an operational budget savings resulting

from the completion of the alternate project component that would pay for the cost of the alternate within eight years; or (c) for any equipment costs or project scope beyond what was described in the budget documents submitted as part of the governor's capital budget request.

(4) The office of financial management shall submit a monthly report of approved allotments, subject to this section, by project. The report shall include the accepted base bid and any approved alternates with the analysis demonstrating sufficient operational budget savings.

**Sec. 6013.** RCW 90.71.370 and 2009 c 479 s 74 are each amended to read as follows:

(1) By December 1, 2008, and by September 1st of each even-numbered year beginning in 2010, the council shall provide to the governor and the appropriate fiscal committees of the senate and house of representatives its recommendations for the funding necessary to implement the action agenda in the succeeding biennium. The recommendations shall:

(a) Identify the funding needed by action agenda element;

(b) Address funding responsibilities among local, state, and federal governments, as well as nongovernmental funding; and

(c) Address funding needed to support the work of the partnership, the panel, the ecosystem work group, and entities assisting in coordinating local efforts to implement the plan.

(2) In the 2008 report required under subsection (1) of this section, the council shall include recommendations for projected funding needed through 2020 to implement the action agenda; funding needs for science panel staff; identify methods to secure stable and sufficient funding to meet these needs; and include proposals for new sources of funding to be dedicated to Puget Sound protection and recovery. In preparing the science panel staffing proposal, the council shall consult with the panel.

(3) By November 1st of each odd-numbered year beginning in 2009, the council shall produce a state of the Sound report that includes, at a minimum:

(a) An assessment of progress by state and nonstate entities in implementing the action agenda, including accomplishments in the use of state funds for action agenda implementation;

(b) A description of actions by implementing entities that are inconsistent with the action agenda and steps taken to remedy the inconsistency;

(c) The comments by the panel on progress in implementing the plan, as well as findings arising from the assessment and monitoring program;

(d) A review of citizen concerns provided to the partnership and the disposition of those concerns;

(e) A review of the expenditures of funds to state agencies for the implementation of programs affecting the protection and recovery of Puget Sound, and an assessment of whether the use of the funds is consistent with the action agenda; and

(f) An identification of all funds provided to the partnership, and recommendations as to how future state expenditures for all entities, including the partnership, could better match the priorities of the action agenda.

(4)(a) The council shall review state programs that fund facilities and activities that may contribute to action agenda implementation. By November 1, 2009, the council shall provide initial recommendations regarding program changes to the governor and appropriate fiscal and policy committees of the senate and house of representatives. By November 1, 2010, the council shall provide final recommendations regarding program changes, including proposed legislation to implement the recommendation, to the governor and appropriate fiscal and policy committees of the senate and house of representatives.

(b) The review in this subsection shall be conducted with the active assistance and collaboration of the agencies administering

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these programs, and in consultation with local governments and other entities receiving funding from these programs:

- (i) Water pollution control facilities financing, chapter 70.146 RCW;
- (ii) The water pollution control revolving fund, chapter 90.50A RCW;
- (iii) The public works assistance account, chapter 43.155 RCW;
- (iv) The aquatic lands enhancement account, RCW 79.105.150;
- (v) The state toxics control account and local toxics control account and clean-up program, chapter 70.105D RCW;
- (vi) The acquisition of habitat conservation and outdoor recreation land, chapter 79A.15 RCW;
- (vii) The salmon recovery funding board, RCW 77.85.110 through 77.85.150;
- (viii) The community economic revitalization board, chapter 43.160 RCW;
- (ix) Other state financial assistance to water quality-related projects and activities; and
- (x) Water quality financial assistance from federal programs administered through state programs or provided directly to local governments in the Puget Sound basin.

(c) The council's review shall include but not be limited to:

- (i) Determining the level of funding and types of projects and activities funded through the programs that contribute to implementation of the action agenda;
- (ii) Evaluating the procedures and criteria in each program for determining which projects and activities to fund, and their relationship to the goals and priorities of the action agenda;
- (iii) Assessing methods for ensuring that the goals and priorities of the action agenda are given priority when program funding decisions are made regarding water quality-related projects and activities in the Puget Sound basin and habitat-related projects and activities in the Puget Sound basin;
- (iv) Modifying funding criteria so that projects, programs, and activities that are inconsistent with the action agenda are ineligible for funding;
- (v) Assessing ways to incorporate a strategic funding approach for the action agenda within the outcome-focused performance measures required by RCW 43.41.270 in administering natural resource-related and environmentally based grant and loan programs.

(5) During the 2009-11 fiscal biennium, the council's review must result in a ranking of projects affecting the protection and recovery of the Puget Sound basin that are proposed in the governor's capital budget submitted under RCW 43.88.060. The ranking shall include recommendations for reallocation of total requested funds for Puget Sound basin projects to achieve the greatest positive outcomes for protection and recovery of Puget Sound and shall be submitted to the appropriate fiscal committees of the legislature no later than February 1, 2011.

**Sec. 6014.** RCW 39.10.210 and 2007 c 494 s 101 are each amended to read as follows:

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

(1) "Alternative public works contracting procedure" means the design-build, general contractor/construction manager, and job order contracting procedures authorized in RCW 39.10.300, 39.10.340, and 39.10.420, respectively.

(2) "Board" means the capital projects advisory review board.

(3) "Committee" means the project review committee.

(4) "Design-build procedure" means a contract between a public body and another party in which the party agrees to both design and build the facility, portion of the facility, or other item specified in the contract.

(5) "Total contract cost" means the fixed amount for the detailed specified general conditions work, the negotiated maximum allowable construction cost, and the percent fee on the negotiated maximum allowable construction cost.

(6) "General contractor/construction manager" means a firm with which a public body has selected and negotiated a maximum allowable construction cost to provide services during the design phase and to act as construction manager and general contractor during the construction phase.

(7) "Job order contract" means a contract in which the contractor agrees to a fixed period, indefinite quantity delivery order contract which provides for the use of negotiated, definitive work orders for public works as defined in RCW 39.04.010.

(8) "Job order contractor" means a registered or licensed contractor awarded a job order contract.

(9) "Maximum allowable construction cost" means the maximum cost of the work to construct the project including a percentage for risk contingency, negotiated support services, and approved change orders.

(10) "Negotiated support services" means items a general contractor would normally manage or perform on a construction project including, but not limited to surveying, hoisting, safety enforcement, provision of toilet facilities, temporary heat, cleanup, and trash removal.

(11) "Percent fee" means the percentage amount to be earned by the general contractor/construction manager as overhead and profit.

(12) "Public body" means any general or special purpose government, including but not limited to state agencies, institutions of higher education, counties, cities, towns, ports, school districts, and special purpose districts, provided that for the 2009-2011 fiscal biennium, the definition of public body for this chapter does not include public bodies funded in section 1012 of this act if alternative requirements or procedures of federal law or regulations are authorized.

(13) "Certified public body" means a public body certified to use design-build or general contractor/construction manager contracting procedures, or both, under RCW 39.10.270.

(14) "Public works project" means any work for a public body within the definition of "public work" in RCW 39.04.010.

(15) "Total project cost" means the cost of the project less financing and land acquisition costs.

(16) "Unit price book" means a book containing specific prices, based on generally accepted industry standards and information, where available, for various items of work to be performed by the job order contractor. The prices may include: All the costs of materials; labor; equipment; overhead, including bonding costs; and profit for performing the items of work. The unit prices for labor must be at the rates in effect at the time the individual work order is issued.

(17) "Work order" means an order issued for a definite scope of work to be performed pursuant to a job order contract.

**Sec. 6015.** RCW 39.94.040 and 2003 c 6 s 2 are each amended to read as follows:

(1) Except as provided in RCW 28B.10.022, the state may not enter into any financing contract for itself if the aggregate principal amount payable thereunder is greater than an amount to be established from time to time by the state finance committee or participate in a program providing for the issuance of certificates of participation, including any contract for credit enhancement, without the prior approval of the state finance committee. Except as provided in RCW 28B.10.022, the state finance committee shall approve the form of all financing contracts or a standard format for all financing contracts. The state finance committee also may:

(a) Consolidate existing or potential financing contracts into master financing contracts with respect to property acquired by one

or more agencies, departments, instrumentalities of the state, the state board for community and technical colleges, or a state institution of higher learning; or to be acquired by an other agency;

(b) Approve programs providing for the issuance of certificates of participation in master financing contracts for the state or for other agencies;

(c) Enter into agreements with trustees relating to master financing contracts; and

(d) Make appropriate rules for the performance of its duties under this chapter.

(2) In the performance of its duties under this chapter, the state finance committee may consult with representatives from the department of general administration, the office of financial management, and the department of information services.

(3) With the approval of the state finance committee, the state also may enter into agreements with trustees relating to financing contracts and the issuance of certificates of participation.

(4) Except for financing contracts for real property used for the purposes described under chapter 28B.140 RCW, the state may not enter into any financing contract for real property of the state without prior approval of the legislature. For the purposes of this requirement, a financing contract must be treated as used for real property if it is being entered into by the state for the acquisition of land; the acquisition of an existing building; the construction of a new building; or a major remodeling, renovation, rehabilitation, or rebuilding of an existing building. Prior approval of the legislature is not required under this chapter for a financing contract entered into by the state under this chapter for energy conservation improvements to existing buildings where such improvements include: (a) Fixtures and equipment that are not part of a major remodeling, renovation, rehabilitation, or rebuilding of the building, or (b) other improvements to the building that are being performed for the primary purpose of energy conservation. Such energy conservation improvements must be determined eligible for financing under this chapter by the office of financial management in accordance with financing guidelines established by the state treasurer, and are to be treated as personal property for the purposes of this chapter.

(5) The state may not enter into any financing contract on behalf of an other agency without the approval of such a financing contract by the governing body of the other agency.

**NEW SECTION. Sec. 6016.** The following acts or parts of acts are each repealed:

- (1) 2009 c 497 s 1089 (uncodified);
- (2) 2009 c 497 s 2030 (uncodified);
- (3) 2009 c 497 s 2079 (uncodified);
- (4) 2009 c 497 s 3098 (uncodified);
- (5) 2009 c 497 s 4009 (uncodified);
- (6) 2009 c 497 s 5043 (uncodified);
- (7) 2009 c 497 s 5059 (uncodified);
- (8) 2009 c 497 s 5072 (uncodified);
- (9) 2009 c 497 s 5084 (uncodified);
- (10) 2009 c 497 s 5098 (uncodified);
- (11) 2009 c 497 s 5112 (uncodified); and
- (12) RCW 39.86.200 (Ratification) and 1987 c 297 s 11.

**NEW SECTION. Sec. 6017.** If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected.

**NEW SECTION. Sec. 6018.** This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect immediately.

(End of bill)

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Senator Fraser spoke in favor of adoption of the committee striking amendment.

The President declared the question before the Senate to be the adoption of the committee striking amendment by the Committee on Ways & Means to Engrossed Substitute House Bill No. 2836.

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

## MOTION

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

On page 1, line 2 of the title, after "improvements;" strike the remainder of the title and insert "amending RCW 43.155.050, 28B.20.725, 28B.30.750, 43.160.080, 90.71.370, 39.10.210, and 39.94.040; amending 2009 c 497 ss 1005, 1013, 1029, 1019, 1023, 1030, 1031, 1034, 1035, 1039, 1040, 1045, 1046, 1048, 1054, 1055, 1065, 1071, 1075, 1060, 1061, 1063, 1064, 1068, 1073, 1081, 1086, 1087, 2001, 2002, 2027, 2014, 2034, 2037, 2038, 2067, 2072, 2075, 2078, 2068, 2054, 2064, 3059, 3039, 3007, 3049, 3054, 3060, 3020, 3052, 3093, 3094, 3090, 3091, 3085, 3109, 3133, 3138, 3157, 3168, 3169, 3172, 3178, 3182, 3197, 3203, 4008, 5007, 5008, 5009, 5002, 5013, 5014, 5011, 5027, 5029, 5024, 5026, 5028, 5037, 5030, 5041, 5035, 5039, 5055, 5047, 5054, 5056, 5057, 5064, 5061, 5065, 5068, 5079, 5080, 5083, 5092, 5094, 5093, 5097, 5104, 5100, 5111, 5115, 5116, 5118, 5120, 5174, 5176, 5127, 5180, 5171, 5182, 5210, 5183, 5184, 5217, 5218, 5219, 5220, 5204, 5205, 5206, 5208, 5165, 5177, 5178, 5191, 5151, 5181, 5190, 5192, 5168, 5135, 5195, 5223, 5179, 5213, 5164, 5224, 5143, 5167, 6009, and 6004 (uncodified);

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amending 2008 c 5 s 1 (uncodified); adding new sections to 2009 c 497 (uncodified); creating a new section; repealing RCW 39.86.200; repealing 2009 c 497 ss 1089, 2030, 2079, 3098, 4009, 5043, 5059, 5072, 5084, 5098, and 5112 (uncodified); and declaring an emergency."

#### MOTION

On motion of Senator Fraser, the rules were suspended, Engrossed Substitute House Bill No. 2836 as amended by the Senate was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

The President declared the question before the Senate to be the final passage of Engrossed Substitute House Bill No. 2836 as amended by the Senate.

#### ROLL CALL

The Secretary called the roll on the final passage of Engrossed Substitute House Bill No. 2836 as amended by the Senate and the bill passed the Senate by the following vote: Yeas, 33; Nays, 13; Absent, 0; Excused, 3.

Voting yea: Senators Berkey, Brandland, Brown, Eide, Fairley, Franklin, Fraser, Gordon, Hargrove, Hatfield, Haugen, Hobbs, Jacobsen, Kastama, Kauffman, Keiser, Kilmer, Kline, Kohl-Welles, Marr, McAuliffe, McDermott, Morton, Murray, Oemig, Prentice, Pridemore, Ranker, Regala, Rockefeller, Sheldon, Shin and Tom

Voting nay: Senators Becker, Benton, Carrell, Hewitt, Holmquist, Honeyford, King, Parlette, Pflug, Roach, Schoesler, Swecker and Zarelli

Excused: Senators Delvin, McCaslin and Stevens

**ENGROSSED SUBSTITUTE HOUSE BILL NO. 2836** as amended by the Senate, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

#### MOTION

On motion of Senator Eide, Engrossed Substitute House Bill No. 2836 was immediately transmitted to the House of Representatives.

#### PERSONAL PRIVILEGE

Senator Fraser: "Thank you Mr. President. I would like to express appreciation to people who played a key role in the capitol budget. First I'd like to thank Senator Brandland and Senator Regala for participating in many meetings in the development of the capitol budget. As Senator Prentice and others have said I would like to thank the brain trust of the Ways & Means staff. The key people who worked on the Capitol Budget of course were; Brian Sims, the coordinator, I see a few of them are here, come on out and please smile for the camera here. Brian Sims who is the coordinator of the Capitol Budget, Maria Hovde, Tim Yowell, Richard Ramsey worked on major pieces of it. Steve Jones provided legal advice and I'd also like to thank Colleen Kerr who played a wonderful coordinating role. So, thank you to the Ways & Means staff, They are a brain trust. They do incredibly competent analysis. They're creative, highly ethical, incredible work ethic as has been stated and a wonderful commitment to public service. The people of the state are very well served by our Ways & Means staff. Thank you very much."

#### 2010 1ST SPECIAL SESSION PERSONAL PRIVILEGE

Senator McDermott: "Thank you Mr. President. It was twenty years ago this session that I worked session for the Senator from the Forty-Third District, Senator Janice Niemi. Ten years ago I was elected to join the House of Representatives. Three years ago I was honored to join the Washington State Senate. At that point in time my then three-year old, five-year old nephew Aiden told me 'Uncle Joe, you're a Senator, that's cool, that's just like in Star Wars'. I think Senator's the second-coolest title I have, Uncle being the first. Mr. President, you will remember I began my senate career honoring one our mutual friends and clowning around a bit, by honoring J. P. Patches. That really fits well with my motto in life, find what you like to do and find a way to get paid to do it. So far in life I've very successful in that. Actually chose a career in public service as a result of a high school trip to Washington D. C. my senior year in high school. I chose to go to Gonzaga planning in majoring in Civil Engineering. I was good in math, good in problem solving and I thought I was going to design bridges. I went to Washington D. C. and had a fantastic time, learned a lot about government, number of prominent speakers then Secretary of Education William Bennett, Senator Slade Gordon spoke to the group I was with. An engaging week and I came home a history and poli-sci major. I told my mother and she told me, 'Don't do that, there's no money in that'. My mother has worked in Catholic education her entire career. I told her 'Mom, look at what you do', And she said 'No Joe, this is clearly one of those do as I say not as I do moments'. You can see I took her advice. I would like to leave with a challenge, however, Mr. President. As we all continue our work in public service I would encourage and in fact challenge us to examine how we make policy. We all do so, I'm convinced without doubt with the intention of achieving justice that we all have different ways of identifying and defining what justice means. In his 'A theory of Justice' John Rawls lays out a frame work for how to do that. I suggest we consider using it. Informing this concept of justice Rawls said we should imagine ourselves in what he calls the original position. He envisions this being from being done from a veil of ignorance. That veil of ignorance? What is that. It's not knowing what position you might hold in society but you go in fact about who you are and where you'll be. Your place in society, your place, your position or social class, your fortune in the distribution of natural assets. Our intelligence, strength and the like, truly not know where you will be in society when you decide what a just society will be like. I suggest that we should tailor and do the best work we can to make all of our decisions from behind that veil, recognizing we're not just serving the people who are like us but everybody across this state. Some examples, well the easy historical example is at the time there would actually been people who argued in support of slavery. But from behind the veil of ignorance could you really make that argument if you didn't know if you'd be the owner or the slave? It certainly applies in modern application as well. I suggest one place that we might be well served to not remember where we are but to think about where anyone might end up is when we make policy rounds to civil rights of people regarding their sexual orientation. I want to thank the community that I've called home my entire life, West Seattle and the entire Thirty-Fourth Legislative District for haven given me the privilege of representing them and serving them for the last ten years in the legislature and I want to thank everyone of you for being one of my colleagues and everyone that I have had the privilege of serving with in the legislature over the last ten years and I sincerely thank you for the honor."

## PERSONAL PRIVILEGE

Senator Murray: "Thank you, I'd like to take a moment to honor the good Senator from the Thirty-Fourth District. You know Senator McDermott and I have a lot in common. We both grew up in West Seattle. We're both named after other politicians. We both grew up in the same parish, different decades. We're both proud of our Irish heritage. Joe has been an incredible member to work with both in the House and now in the Senate. Some of the issues he just mentioned on civil rights, he's been an often unsung hero in that battle here but he's always been willing to work with people, work with people well, keep a good sense of humor and look for a way to move us all forward. So, I want to wish you luck in your public service as you move on and I hope you're able to get paid for public service. Good luck."

## PERSONAL PRIVILEGE

Senator Franklin: "Thank you Mr. President. I would like to say to the good Senator Joe. Happy trails to you. Not only that, you were brave enough, kind enough, thoughtful enough to co-sign that infamous bill which is known as income tax, tax structure. You were willing to take the heat but not only that like me, like many of us we are concerned about the future of this state. Senator, not only that, when we worked on bills together you sponsored the bill in the House that called for public financing of campaign. You came over we worked together. I'm sure that you will be will do well in your continued public service. What I would say to you and I know you will, be, is to continue to be brave, to speak out, to step out of the box and as you have said, you do not think just about yourself. You think about others. You think about what you want society to be. You think about what you want the world and the state and your community to be like. I will be following you. I'm years older than you are but I bet I can run faster than you. I will be following your career like many others and I wish you well. I know you will do well and continue step out and think out of the box and do all the good things which you've done here. I appreciate you. we'll miss you."

## PERSONAL PRIVILEGE

Senator Fairley: "Thank you Mr. President. Here I was going to say nice things about Senator McDermott but he talks so long. When he did an introduction in our Government Operations Committee this year he had a power point, for petes sake, I asked for a paragraph not a power point. It went on for twenty minutes, I swear. He's been such a hard worker and so good with me because he can deal with some of the folks on the other side that I find difficult. He can run over and talk to them and bring back and it works in our committee very well. But, I know he wants me to tell you a story, a little anecdote that happened. He went down to see my antique shop, met my husband, my husband came home and said 'I met somebody who works with you today,' I said, 'Really, who.' He said, 'Well, I think he's a staffer, his names McDermott.' And I said 'No, honey, McDermott's a Senator' and he said 'Well, he can't be, he's too young'. You know I didn't talk to my husband for days after that but I will miss him because he's a darned good worker and a hard worker and he has a sense of humor. So, we'll see you around."

## PERSONAL PRIVILEGE

Senator Prentice: "I don't intend to say goodbye to Senator McDermott because he's going to be my county councilman and I've already let him know that I have about half a dozen places

right near where I live yard signs that we're going to putting up for him. So, we're going to be busy working for you Joe."

## MOTION

At 10:36 p.m., on motion of Senator Eide, the Senate was declared to be at ease subject to the call of the President.

The Senate was called to order at 11:38 p.m. by President Owen.

## MOTION

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

## MESSAGE FROM THE HOUSE

April 12, 2010

## MR. PRESIDENT:

The House concurred in the Senate amendments to the following bills and passed the bills as amended by the Senate:

ENGROSSED HOUSE BILL 2561.

and the same is herewith transmitted.

BARBARA BAKER, Chief Clerk

## MESSAGE FROM THE HOUSE

April 12, 2010

## MR. PRESIDENT:

The House concurred in the Senate amendments to the following bills and passed the bills as amended by the Senate:

ENGROSSED HOUSE BILL 1690,

ENGROSSED SUBSTITUTE HOUSE BILL 2493.

and the same are herewith transmitted.

BARBARA BAKER, Chief Clerk

## SIGNED BY THE PRESIDENT

The President signed:

SECOND ENGROSSED SUBSTITUTE SENATE BILL 6143,

ENGROSSED SUBSTITUTE SENATE BILL 6444.

## MESSAGE FROM THE HOUSE

April 12, 2010

## MR. PRESIDENT:

The Speaker has signed:

SECOND ENGROSSED SUBSTITUTE SENATE BILL 6143,

ENGROSSED SUBSTITUTE SENATE BILL 6444.

and the same are herewith transmitted.

BARBARA BAKER, Chief Clerk

## MOTION

On motion of Senator Brandland, Senators Morton and Zarelli were excused.

## MOTION

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

#### SECOND READING

HOUSE BILL NO. 3197, by Representatives Sullivan, Linville, Seaquist, Ericks and Haigh

Transferring funds from the budget stabilization account to the general fund.

The measure was read the second time.

#### MOTION

On motion of Senator Prentice, the rules were suspended, House Bill No. 3197 was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senator Prentice spoke in favor of passage of the bill.

The President declared the question before the Senate to be the final passage of House Bill No. 3197.

#### ROLL CALL

The Secretary called the roll on the final passage of House Bill No. 3197 and the bill passed the Senate by the following vote: Yeas, 30; Nays, 14; Absent, 0; Excused, 5.

Voting yea: Senators Berkey, Brown, Eide, Fairley, Franklin, Fraser, Gordon, Hargrove, Hatfield, Haugen, Hobbs, Jacobsen, Kastama, Kauffman, Keiser, Kilmer, Kline, Kohl-Welles, Marr, McAuliffe, McDermott, Murray, Oemig, Prentice, Pridemore, Ranker, Regala, Rockefeller, Shin and Tom

Voting nay: Senators Becker, Benton, Brandland, Carrell, Hewitt, Holmquist, Honeyford, King, Parlette, Pflug, Roach, Schoesler, Sheldon and Swecker

Excused: Senators Delvin, McCaslin, Morton, Stevens and Zarelli

HOUSE BILL NO. 3197, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

#### MOTION

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

#### MESSAGE FROM THE HOUSE

April 12, 2010

#### MR. PRESIDENT:

The Speaker has signed:

ENGROSSED SUBSTITUTE SENATE BILL 6503,  
ENGROSSED SENATE BILL 6870,  
SENATE JOINT RESOLUTION 8225.

and the same are herewith transmitted.

BARBARA BAKER, Chief Clerk

#### MESSAGE FROM THE HOUSE

April 12, 2010

#### MR. PRESIDENT:

The Speaker has signed:

ENGROSSED HOUSE BILL 1690,  
ENGROSSED SUBSTITUTE HOUSE BILL 2493,  
SECOND SUBSTITUTE HOUSE BILL 2576,  
ENGROSSED SECOND SUBSTITUTE HOUSE BILL  
2630,

HOUSE BILL 2694,  
ENGROSSED SECOND SUBSTITUTE HOUSE BILL  
2956,  
HOUSE BILL 3219.  
and the same are herewith transmitted.

BARBARA BAKER, Chief Clerk

#### SIGNED BY THE PRESIDENT

The President signed:

ENGROSSED HOUSE BILL 1690,  
ENGROSSED SUBSTITUTE HOUSE BILL 2493,  
SECOND SUBSTITUTE HOUSE BILL 2576,  
ENGROSSED SECOND SUBSTITUTE HOUSE BILL  
2630,  
HOUSE BILL 2694,  
ENGROSSED SECOND SUBSTITUTE HOUSE BILL  
2956,  
HOUSE BILL 3219.

#### MESSAGE FROM THE HOUSE

April 12, 2010

#### MR. PRESIDENT:

The House passed SUBSTITUTE SENATE BILL NO. 6727 with the following amendment(s): 6727-S AMH ENGR H5807.E

Strike everything after the enacting clause and insert the following:

**"Sec. 1.** RCW 35.104.060 and 2009 c 564 s 921 are each amended to read as follows:

(1) The authority has all the general powers necessary to carry out its purposes and duties and to exercise its specific powers, including the authority may:

(a) Sue and be sued in its own name;  
(b) Make and execute agreements, contracts, and other instruments, with any public or private entity or person, in accordance with this chapter;

(c) Employ, contract with, or engage independent counsel, financial advisors, auditors, other technical or professional assistants, and such other personnel as are necessary or desirable to implement this chapter;

(d) Establish such special funds, and control deposits to and disbursements from them, as it finds convenient for the implementation of this chapter;

(e) Enter into contracts with public and private entities for research to be conducted in this state;

(f) Delegate any of its powers and duties if consistent with the purposes of this chapter;

(g) Exercise any other power reasonably required to implement the purposes of this chapter; and

(h) Hire staff and pay administrative costs; however, such expenses shall be paid from moneys provided by the sponsoring local government and moneys received from gifts, grants, and bequests and the interest earned on the authority's accounts and investments. ((During the 2009-2011 fiscal biennium, up to)) No more than ten percent of the amounts received under RCW 82.14.480 may be used by a health sciences and services ((and

~~seiences))~~ authority for the purposes of subsections (1)(c) and (h) of this section.

(2) In addition to other powers and duties prescribed in this chapter, the authority is empowered to:

(a) Use the authority's public moneys, leveraging those moneys with amounts received from other public and private sources in accordance with contribution agreements, to promote bioscience-based economic development, and to advance new therapies and procedures to combat disease and promote public health;

(b) Solicit and receive gifts, grants, and bequests, and enter into contribution agreements with private entities and public entities to receive moneys in consideration of the authority's promise to leverage those moneys with the revenue generated by the tax authorized under RCW 82.14.480 and contributions from other public entities and private entities, in order to use those moneys to promote bioscience-based economic development and advance new therapies and procedures to combat disease and promote public health;

(c) Hold funds received by the authority in trust for their use pursuant to this chapter to promote bioscience-based economic development and advance new therapies and procedures to combat disease and promote public health;

(d) Manage its funds, obligations, and investments as necessary and consistent with its purpose, including the segregation of revenues into separate funds and accounts;

(e) Borrow money and incur indebtedness pursuant to section 4 of this act;

(f) Make grants to entities pursuant to contract to promote bioscience-based economic development and advance new therapies and procedures to combat disease and promote public health. Grant agreements shall specify the deliverables to be provided by the recipient pursuant to the grant. Grants to private entities may only be provided under a contractual agreement that ensures the state will receive appropriate consideration, such as an assurance of job creation or retention, or the delivery of services that provide for the public health, safety, and welfare. The authority shall solicit requests for funding and evaluate the requests by reference to factors such as: (i) The quality of the proposed research; (ii) its potential to improve health outcomes, with particular attention to the likelihood that it will also lower health care costs, substitute for a more costly diagnostic or treatment modality, or offer a breakthrough treatment for a particular disease or condition; (iii) its potential to leverage additional funding; (iv) its potential to provide health care benefits; (v) its potential to stimulate employment; and (vi) evidence of public and private collaboration;

((g)) (g) Create one or more advisory boards composed of scientists, industrialists, and others familiar with health sciences and services; and

((h)) (h) Adopt policies and procedures to facilitate the orderly process of grant application, review, and reward.

(3) The records of the authority shall be subject to audit by the office of the state auditor.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(2) The tax imposed under subsection (1) of this section ((shall)) must be deducted from the amount of tax otherwise required to be

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collected or paid over to the department under chapter 82.08 or 82.12 RCW. The department of revenue ((shall)) must perform the collection of the tax on behalf of the authority at no cost to the authority.

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

(4) This section expires January 1, 2023.

**NEW SECTION. Sec. 4.** A new section is added to chapter 35.104 RCW to read as follows:

(1) A local government that has established a health sciences and services authority under RCW 35.104.030 may, by ordinance or resolution, authorize the authority to borrow money under the conditions set forth in this section.

(2) Moneys borrowed by an authority must be secured by funds derived from gifts or grants from any source, public or private, federal, state, or local government grants or payments, or intergovernmental transfers.

(3) The authority shall incur no expense or liability that is an obligation, either general or special, of the state or local government, or a general obligation of the authority, and shall pay no expense or liability from funds other than funds of the authority.

**Sec. 5.** RCW 42.30.110 and 2005 c 424 s 13 are each amended to read as follows:

(1) Nothing contained in this chapter may be construed to prevent a governing body from holding an executive session during a regular or special meeting:

(a) To consider matters affecting national security;

(b) To consider the selection of a site or the acquisition of real estate by lease or purchase when public knowledge regarding such consideration would cause a likelihood of increased price;

(c) To consider the minimum price at which real estate will be offered for sale or lease when public knowledge regarding such consideration would cause a likelihood of decreased price. However, final action selling or leasing public property shall be taken in a meeting open to the public;

(d) To review negotiations on the performance of publicly bid contracts when public knowledge regarding such consideration would cause a likelihood of increased costs;

(e) To consider, in the case of an export trading company, financial and commercial information supplied by private persons to the export trading company;

(f) To receive and evaluate complaints or charges brought against a public officer or employee. However, upon the request of such officer or employee, a public hearing or a meeting open to the public shall be conducted upon such complaint or charge;

(g) To evaluate the qualifications of an applicant for public employment or to review the performance of a public employee. However, subject to RCW 42.30.140(4), discussion by a governing body of salaries, wages, and other conditions of employment to be generally applied within the agency shall occur in a meeting open to the public, and when a governing body elects to take final action hiring, setting the salary of an individual employee or class of employees, or discharging or disciplining an employee, that action shall be taken in a meeting open to the public;

(h) To evaluate the qualifications of a candidate for appointment to elective office. However, any interview of such candidate and final action appointing a candidate to elective office shall be in a meeting open to the public;

(i) To discuss with legal counsel representing the agency matters relating to agency enforcement actions, or to discuss with legal counsel representing the agency litigation or potential litigation to which the agency, the governing body, or a member acting in an official capacity is, or is likely to become, a party, when

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public knowledge regarding the discussion is likely to result in an adverse legal or financial consequence to the agency.

This subsection (1)(i) does not permit a governing body to hold an executive session solely because an attorney representing the agency is present. For purposes of this subsection (1)(i), "potential litigation" means matters protected by RPC 1.6 or RCW 5.60.060(2)(a) concerning:

((A)) (i) Litigation that has been specifically threatened to which the agency, the governing body, or a member acting in an official capacity is, or is likely to become, a party;

((B)) (ii) Litigation that the agency reasonably believes may be commenced by or against the agency, the governing body, or a member acting in an official capacity; or

((C)) (iii) Litigation or legal risks of a proposed action or current practice that the agency has identified when public discussion of the litigation or legal risks is likely to result in an adverse legal or financial consequence to the agency;

(j) To consider, in the case of the state library commission or its advisory bodies, western library network prices, products, equipment, and services, when such discussion would be likely to adversely affect the network's ability to conduct business in a competitive economic climate. However, final action on these matters shall be taken in a meeting open to the public;

(k) To consider, in the case of the state investment board, financial and commercial information when the information relates to the investment of public trust or retirement funds and when public knowledge regarding the discussion would result in loss to such funds or in private loss to the providers of this information;

(l) To consider proprietary or confidential nonpublished information related to the development, acquisition, or implementation of state purchased health care services as provided in RCW 41.05.026;

(m) To consider in the case of the life sciences discovery fund authority, the substance of grant applications and grant awards when public knowledge regarding the discussion would reasonably be expected to result in private loss to the providers of this information;

(n) To consider in the case of a health sciences and services authority, the substance of grant applications and grant awards when public knowledge regarding the discussion would reasonably be expected to result in private loss to the providers of this information.

(2) Before convening in executive session, the presiding officer of a governing body shall publicly announce the purpose for excluding the public from the meeting place, and the time when the executive session will be concluded. The executive session may be extended to a stated later time by announcement of the presiding officer."

Correct the title.

and the same are herewith transmitted.

BARBARA BAKER, Chief Clerk

## MOTION

Senator Marr moved that the Senate concur in the House amendment(s) to Substitute Senate Bill No. 6727.

The President declared the question before the Senate to be the motion by Senator Marr that the Senate concur in the House amendment(s) to Substitute Senate Bill No. 6727.

The motion by Senator Marr carried and the Senate concurred in the House amendment(s) to Substitute Senate Bill No. 6727 by voice vote.

The President declared the question before the Senate to be the final passage of Substitute Senate Bill No. 6727, as amended by the House.

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

## ROLL CALL

The Secretary called the roll on the final passage of Substitute Senate Bill No. 6727, as amended by the House, and the bill passed the Senate by the following vote: Yeas, 43; Nays, 1; Absent, 0; Excused, 5.

Voting yea: Senators Becker, Benton, Berkey, Brandland, Brown, Carrell, Eide, Fairley, Franklin, Fraser, Gordon, Hargrove, Hatfield, Haugen, Hewitt, Hobbs, Holmquist, Honeyford, Jacobsen, Kastama, Kauffman, Keiser, Kilmer, King, Kline, Kohl-Welles, Marr, McAuliffe, McDermott, Murray, Oemig, Parlette, Prentice, Pridemore, Ranker, Regala, Roach, Rockefeller, Schoesler, Sheldon, Shin, Swecker and Tom

Voting nay: Senator Pflug

Excused: Senators Delvin, McCaslin, Morton, Stevens and Zarelli

SUBSTITUTE SENATE BILL NO. 6727, as amended by the House, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

## MOTION

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

## MOTION

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

## MESSAGE FROM THE HOUSE

April 12, 2010

MR. PRESIDENT:

The House has passed:

ENGROSSED SECOND SUBSTITUTE SENATE BILL NO. 6409.

and the same is herewith transmitted.

BARBARA BAKER, Chief Clerk

## MOTION

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

## SECOND SUPPLEMENTAL AND FIRST READING

SCR 8414 by Senators Brown and Hewitt

Returning bills to their house of origin.

## MOTION

On motion of Senator Eide, the rules were suspended and Senate Concurrent Resolution No. 8414 was placed on the second reading calendar.

## MOTION

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

## SECOND READING

SENATE CONCURRENT RESOLUTION NO. 8414, by Senators Brown and Hewitt

Returning bills to their house of origin.

The measure was read the second time.

## MOTION

On motion of Senator Eide, the rules were suspended, Senate Concurrent Resolution No. 8414 was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

The President declared the question before the Senate to be the final passage of Senate Concurrent Resolution No. 8414.

SENATE CONCURRENT RESOLUTION NO. 8414, was adopted by voice vote.

## PARLIAMENTARY INQUIRY

Senator Pflug: "In the concurrent resolution was this bill also returned to rules?"

## REPLY BY THE PRESIDENT

President Owen: "Whether it is or not it's not, into effect until the House passes it, so this bill is still before us."

## SECOND READING

SENATE BILL NO. 6872, by Senate Committee on Ways & Means (originally sponsored by Senator Keiser)

Concerning medicaid nursing facility payments.

## MOTION

On motion of Senator Keiser, Substitute Senate Bill No. 6872 was substituted for Substitute Senate Bill No. 6872 and the substitute bill was placed on the second reading and read the second time.

## MOTION

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

Strike everything after the enacting clause and insert the following:

**"Sec. 1.** RCW 74.46.010 and 1998 c 322 s 1 are each amended to read as follows:

(1) This chapter may be known and cited as the "nursing facility medicaid payment system."

(2) The purposes of this chapter are to set forth principles to guide the nursing facility medicaid payment system and specify the manner by which legislative appropriations for medicaid nursing facility services are to be allocated as payment rates among nursing facilities((, and to set forth auditing, billing, and other administrative standards associated with payments to nursing home facilities)).

(3) The legislature finds that the medicaid nursing facility rates calculated under this chapter provide sufficient reimbursement to efficient and economically operating facilities and bear a reasonable relationship to costs.

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**Sec. 2.** RCW 74.46.020 and 2010 c 94 s 29 are each amended to read as follows:

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

(1) ("Accrual method of accounting" means a method of accounting in which revenues are reported in the period when they are earned, regardless of when they are collected, and expenses are reported in the period in which they are incurred, regardless of when they are paid.

—(2)) "Appraisal" means the process of estimating the fair market value or reconstructing the historical cost of an asset acquired in a past period as performed by a professionally designated real estate appraiser with no pecuniary interest in the property to be appraised. It includes a systematic, analytic determination and the recording and analyzing of property facts, rights, investments, and values based on a personal inspection and inventory of the property.

((3)) (2) "Arm's-length transaction" means a transaction resulting from good-faith bargaining between a buyer and seller who are not related organizations and have adverse positions in the market place. Sales or exchanges of nursing home facilities among two or more parties in which all parties subsequently continue to own one or more of the facilities involved in the transactions shall not be considered as arm's-length transactions for purposes of this chapter. Sale of a nursing home facility which is subsequently leased back to the seller within five years of the date of sale shall not be considered as an arm's-length transaction for purposes of this chapter.

((4)) (3) "Assets" means economic resources of the contractor, recognized and measured in conformity with generally accepted accounting principles.

((5)) (4) "Audit" or "department audit" means an examination of the records of a nursing facility participating in the medicaid payment system, including but not limited to: The contractor's financial and statistical records, cost reports and all supporting documentation and schedules, receivables, and resident trust funds, to be performed as deemed necessary by the department and according to department rule.

((6)) "Bad debts" means amounts considered to be uncollectible from accounts and notes receivable.

—(7) "Beneficial owner" means:

—(a) Any person who, directly or indirectly, through any contract, arrangement, understanding, relationship, or otherwise has or shares:

—(i) Voting power which includes the power to vote, or to direct the voting of such ownership interest; and/or

—(ii) Investment power which includes the power to dispose, or to direct the disposition of such ownership interest;

—(b) Any person who, directly or indirectly, creates or uses a trust, proxy, power of attorney, pooling arrangement, or any other contract, arrangement, or device with the purpose or effect of divesting himself or herself of beneficial ownership of an ownership interest or preventing the vesting of such beneficial ownership as part of a plan or scheme to evade the reporting requirements of this chapter;

—(c) Any person who, subject to (b) of this subsection, has the right to acquire beneficial ownership of such ownership interest within sixty days, including but not limited to any right to acquire:

—(i) Through the exercise of any option, warrant, or right;

—(ii) Through the conversion of an ownership interest;

—(iii) Pursuant to the power to revoke a trust, discretionary account, or similar arrangement; or

—(iv) Pursuant to the automatic termination of a trust, discretionary account, or similar arrangement;

except that, any person who acquires an ownership interest or power

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specified in (c)(i), (ii), or (iii) of this subsection with the purpose or effect of changing or influencing the control of the contractor, or in connection with or as a participant in any transaction having such purpose or effect, immediately upon such acquisition shall be deemed to be the beneficial owner of the ownership interest which may be acquired through the exercise or conversion of such ownership interest or power;

—(d) Any person who in the ordinary course of business is a pledgee of ownership interest under a written pledge agreement shall not be deemed to be the beneficial owner of such pledged ownership interest until the pledgee has taken all formal steps necessary which are required to declare a default and determines that the power to vote or to direct the vote or to dispose or to direct the disposition of such pledged ownership interest will be exercised; except that:

—(i) The pledgee agreement is bona fide and was not entered into with the purpose nor with the effect of changing or influencing the control of the contractor, nor in connection with any transaction having such purpose or effect, including persons meeting the conditions set forth in (b) of this subsection; and

—(ii) The pledgee agreement, prior to default, does not grant to the pledgee:

—(A) The power to vote or to direct the vote of the pledged ownership interest; or

—(B) The power to dispose or direct the disposition of the pledged ownership interest, other than the grant of such power(s) pursuant to a pledge agreement under which credit is extended and in which the pledgee is a broker or dealer.

((8)) (5) "Capitalization" means the recording of an expenditure as an asset.

((9)) (6) "Case mix" means a measure of the intensity of care and services needed by the residents of a nursing facility or a group of residents in the facility.

((10)) (7) "Case mix index" means a number representing the average case mix of a nursing facility.

((11)) (8) "Case mix weight" means a numeric score that identifies the relative resources used by a particular group of a nursing facility's residents.

((12)) (9) "Certificate of capital authorization" means a certification from the department for an allocation from the biennial capital financing authorization for all new or replacement building construction, or for major renovation projects, receiving a certificate of need or a certificate of need exemption under chapter 70.38 RCW after July 1, 2001.

((13)) (10) "Contractor" means a person or entity licensed under chapter 18.51 RCW to operate a medicare and medicaid certified nursing facility, responsible for operational decisions, and contracting with the department to provide services to medicaid recipients residing in the facility.

((14)) (11) "Default case" means no initial assessment has been completed for a resident and transmitted to the department by the cut-off date, or an assessment is otherwise past due for the resident, under state and federal requirements.

((15)) (12) "Department" means the department of social and health services (DSHS) and its employees.

((16)) (13) "Depreciation" means the systematic distribution of the cost or other basis of tangible assets, less salvage, over the estimated useful life of the assets.

((17)) (14) "Direct care" means nursing care and related care provided to nursing facility residents. Therapy care shall not be considered part of direct care.

((18)) (15) "Direct care supplies" means medical, pharmaceutical, and other supplies required for the direct care of a nursing facility's residents.

((19)) (16) "Entity" means an individual, partnership, corporation, limited liability company, or any other association of individuals capable of entering enforceable contracts.

((20)) (17) "Equity" means the net book value of all tangible and intangible assets less the recorded value of all liabilities, as recognized and measured in conformity with generally accepted accounting principles.

((21)) (18) "Essential community provider" means a facility which is the only nursing facility within a commuting distance radius of at least forty minutes duration, traveling by automobile.

((22)) (19) "Facility" or "nursing facility" means a nursing home licensed in accordance with chapter 18.51 RCW, excepting nursing homes certified as institutions for mental diseases, or that portion of a multiservice facility licensed as a nursing home, or that portion of a hospital licensed in accordance with chapter 70.41 RCW which operates as a nursing home.

((23)) (20) "Fair market value" means the replacement cost of an asset less observed physical depreciation on the date for which the market value is being determined.

((24)) (21) "Financial statements" means statements prepared and presented in conformity with generally accepted accounting principles including, but not limited to, balance sheet, statement of operations, statement of changes in financial position, and related notes.

((25)) (22) "Generally accepted accounting principles" means accounting principles approved by the financial accounting standards board (FASB) or its successor.

~~((26)) "Goodwill" means the excess of the price paid for a nursing facility business over the fair market value of all net identifiable tangible and intangible assets acquired, as measured in accordance with generally accepted accounting principles.~~

~~((27)) (23) "Grouper" means a computer software product that groups individual nursing facility residents into case mix classification groups based on specific resident assessment data and computer logic.~~

((28)) (24) "High labor-cost county" means an urban county in which the median allowable facility cost per case mix unit is more than ten percent higher than the median allowable facility cost per case mix unit among all other urban counties, excluding that county.

((29)) (25) "Historical cost" means the actual cost incurred in acquiring and preparing an asset for use, including feasibility studies, architect's fees, and engineering studies.

((30)) (26) "Home and central office costs" means costs that are incurred in the support and operation of a home and central office. Home and central office costs include centralized services that are performed in support of a nursing facility. The department may exclude from this definition costs that are nonduplicative, documented, ordinary, necessary, and related to the provision of care services to authorized patients.

~~((31)) "Imprest fund" means a fund which is regularly replenished in exactly the amount expended from it.~~

~~((32)) "Joint facility costs" means any costs which represent resources which benefit more than one facility, or one facility and any other entity.~~

~~((33)) (27) "Large nonessential community providers" means nonessential community providers with more than sixty licensed beds, regardless of how many beds are set up or in use.~~

~~((28)) "Lease agreement" means a contract between two parties for the possession and use of real or personal property or assets for a specified period of time in exchange for specified periodic payments. Elimination (due to any cause other than death or divorce) or addition of any party to the contract, expiration, or modification of any lease term in effect on January 1, 1980, or termination of the lease by either party by any means shall constitute a termination of the lease agreement. An extension or renewal of a lease agreement, whether or not pursuant to a renewal provision in~~

the lease agreement, shall be considered a new lease agreement. A strictly formal change in the lease agreement which modifies the method, frequency, or manner in which the lease payments are made, but does not increase the total lease payment obligation of the lessee, shall not be considered modification of a lease term.

((34)) (29) "Medical care program" or "medicaid program" means medical assistance, including nursing care, provided under RCW 74.09.500 or authorized state medical care services.

((35)) (30) "Medical care recipient," "medicaid recipient," or "recipient" means an individual determined eligible by the department for the services provided under chapter 74.09 RCW.

((36)) (31) "Minimum data set" means the overall data component of the resident assessment instrument, indicating the strengths, needs, and preferences of an individual nursing facility resident.

((37)) (32) "Net book value" means the historical cost of an asset less accumulated depreciation.

((38)) (33) "Net invested funds" means the net book value of tangible fixed assets employed by a contractor to provide services under the medical care program, including land, buildings, and equipment as recognized and measured in conformity with generally accepted accounting principles.

((39)) (34) "Nonurban county" means a county which is not located in a metropolitan statistical area as determined and defined by the United States office of management and budget or other appropriate agency or office of the federal government.

~~((40)) "Operating lease" means a lease under which rental or lease expenses are included in current expenses in accordance with generally accepted accounting principles.~~

~~((41)) (35) "Owner" means a sole proprietor, general or limited partners, members of a limited liability company, and beneficial interest holders of five percent or more of a corporation's outstanding stock.~~

~~((42)) "Ownership interest" means all interests beneficially owned by a person, calculated in the aggregate, regardless of the form which such beneficial ownership takes.~~

~~((43)) (36) "Patient day" or "resident day" means a calendar day of care provided to a nursing facility resident, regardless of payment source, which will include the day of admission and exclude the day of discharge; except that, when admission and discharge occur on the same day, one day of care shall be deemed to exist. A "medicaid day" or "recipient day" means a calendar day of care provided to a medicaid recipient determined eligible by the department for services provided under chapter 74.09 RCW, subject to the same conditions regarding admission and discharge applicable to a patient day or resident day of care.~~

~~((44)) "Professionally designated real estate appraiser" means an individual who is regularly engaged in the business of providing real estate valuation services for a fee, and who is deemed qualified by a nationally recognized real estate appraisal educational organization on the basis of extensive practical appraisal experience, including the writing of real estate valuation reports as well as the passing of written examinations on valuation practice and theory, and who by virtue of membership in such organization is required to subscribe and adhere to certain standards of professional practice as such organization prescribes.~~

~~((45)) (37) "Qualified therapist" means:~~

~~(a) A mental health professional as defined by chapter 71.05 RCW;~~

~~(b) An intellectual disabilities professional who is a therapist approved by the department who has had specialized training or one year's experience in treating or working with persons with intellectual or developmental disabilities;~~

~~(c) A speech pathologist who is eligible for a certificate of clinical competence in speech pathology or who has the equivalent education and clinical experience;~~

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(d) A physical therapist as defined by chapter 18.74 RCW;  
 (e) An occupational therapist who is a graduate of a program in occupational therapy, or who has the equivalent of such education or training; and  
 (f) A respiratory care practitioner certified under chapter 18.89 RCW.

((46)) (38) "Rate" or "rate allocation" means the medicaid per-patient-day payment amount for medicaid patients calculated in accordance with the allocation methodology set forth in part E of this chapter.

((47)) "Real property," whether leased or owned by the contractor, means the building, allowable land, land improvements, and building improvements associated with a nursing facility.

—(48)) (39) "Rebased rate" or "cost-rebased rate" means a facility-specific component rate assigned to a nursing facility for a particular rate period established on desk-reviewed, adjusted costs reported for that facility covering at least six months of a prior calendar year designated as a year to be used for cost-rebasing payment rate allocations under the provisions of this chapter.

((49)) (40) "Records" means those data supporting all financial statements and cost reports including, but not limited to, all general and subsidiary ledgers, books of original entry, and transaction documentation, however such data are maintained.

((50)) "Related organization" means an entity which is under common ownership and/or control with, or has control of, or is controlled by, the contractor.

—(a) "Common ownership" exists when an entity is the beneficial owner of five percent or more ownership interest in the contractor and any other entity.

—(b) "Control" exists where an entity has the power, directly or indirectly, significantly to influence or direct the actions or policies of an organization or institution, whether or not it is legally enforceable and however it is exercisable or exercised.

—(51) "Related care" means only those services that are directly related to providing direct care to nursing facility residents. These services include, but are not limited to, nursing direction and supervision, medical direction, medical records, pharmacy services, activities, and social services.

—(52)) (41) "Resident assessment instrument," including federally approved modifications for use in this state, means a federally mandated, comprehensive nursing facility resident care planning and assessment tool, consisting of the minimum data set and resident assessment protocols.

((53)) (42) "Resident assessment protocols" means those components of the resident assessment instrument that use the minimum data set to trigger or flag a resident's potential problems and risk areas.

((54)) (43) "Resource utilization groups" means a case mix classification system that identifies relative resources needed to care for an individual nursing facility resident.

((55)) "Restricted fund" means those funds the principal and/or income of which is limited by agreement with or direction of the donor to a specific purpose.

—(56)) (44) "Secretary" means the secretary of the department of social and health services.

((57)) (45) "Small nonessential community providers" means nonessential community providers with sixty or fewer licensed beds, regardless of how many beds are set up or in use.

—(46) "Support services" means food, food preparation, dietary, housekeeping, and laundry services provided to nursing facility residents.

((58)) (47) "Therapy care" means those services required by a nursing facility resident's comprehensive assessment and plan of care, that are provided by qualified therapists, or support personnel

under their supervision, including related costs as designated by the department.

((59)) (48) "Title XIX" or "medicaid" means the 1965 amendments to the social security act, P.L. 89-07, as amended and the medicaid program administered by the department.

((60)) (49) "Urban county" means a county which is located in a metropolitan statistical area as determined and defined by the United States office of management and budget or other appropriate agency or office of the federal government.

((61)) "Vital local provider" means a facility that meets the following qualifications:

—(a) It reports a home office with an address located in Washington state; and

—(b) The sum of medicaid days for all Washington facilities reporting that home office as their home office was greater than two hundred fifteen thousand in 2003; and

—(c) The facility was recognized as a "vital local provider" by the department as of April 1, 2007.

The definition of "vital local provider" shall expire, and have no force or effect, after June 30, 2007. After that date, no facility's payments under this chapter shall in any way be affected by its prior determination or recognition as a vital local provider.)

**Sec. 3.** RCW 74.46.431 and 2009 c 570 s 1 are each amended to read as follows:

(1) ((Effective July 1, 1999,)) Nursing facility medicaid payment rate allocations shall be facility-specific and shall have seven components: Direct care, therapy care, support services, operations, property, financing allowance, and variable return. The department shall establish and adjust each of these components, as provided in this section and elsewhere in this chapter, for each medicaid nursing facility in this state.

(2) Component rate allocations in therapy care((,)) and support services((, variable return, operations, property, and financing allowance for essential community providers as defined in this chapter)) for all facilities shall be based upon a minimum facility occupancy of eighty-five percent of licensed beds, regardless of how many beds are set up or in use. ((For all facilities other than essential community providers, effective July 1, 2001, component rate allocations in direct care, therapy care, support services, and variable return shall be based upon a minimum facility occupancy of eighty five percent of licensed beds. For all facilities other than essential community providers, effective July 1, 2002, the component rate allocations in operations, property, and financing allowance shall be based upon a minimum facility occupancy of ninety percent of licensed beds, regardless of how many beds are set up or in use.)) Component rate allocations in operations, property, and financing allowance for essential community providers shall be based upon a minimum facility occupancy of eighty-five percent of licensed beds, regardless of how many beds are set up or in use. Component rate allocations in operations, property, and financing allowance for small nonessential community providers shall be based upon a minimum facility occupancy of ninety percent of licensed beds, regardless of how many beds are set up or in use. Component rate allocations in operations, property, and financing allowance for large nonessential community providers shall be based upon a minimum facility occupancy of ninety-two percent of licensed beds, regardless of how many beds are set up or in use. For all facilities, ((effective July 1, 2006,)) the component rate allocation in direct care shall be based upon actual facility occupancy. The median cost limits used to set component rate allocations shall be based on the applicable minimum occupancy percentage. In determining each facility's therapy care component rate allocation under RCW 74.46.511, the department shall apply the applicable minimum facility occupancy adjustment before creating the array of facilities' adjusted therapy costs per adjusted

resident day. In determining each facility's support services component rate allocation under RCW 74.46.515(3), the department shall apply the applicable minimum facility occupancy adjustment before creating the array of facilities' adjusted support services costs per adjusted resident day. In determining each facility's operations component rate allocation under RCW 74.46.521(3), the department shall apply the minimum facility occupancy adjustment before creating the array of facilities' adjusted general operations costs per adjusted resident day.

(3) Information and data sources used in determining medicaid payment rate allocations, including formulas, procedures, cost report periods, resident assessment instrument formats, resident assessment methodologies, and resident classification and case mix weighting methodologies, may be substituted or altered from time to time as determined by the department.

(4)(a) Direct care component rate allocations shall be established using adjusted cost report data covering at least six months. ((Adjusted cost report data from 1996 will be used for October 1, 1998, through June 30, 2001, direct care component rate allocations; adjusted cost report data from 1999 will be used for July 1, 2001, through June 30, 2006, direct care component rate allocations. Adjusted cost report data from 2003 will be used for July 1, 2006, through June 30, 2007, direct care component rate allocations. Adjusted cost report data from 2005 will be used for July 1, 2007, through June 30, 2009, direct care component rate allocations.)) Effective July 1, 2009, the direct care component rate allocation shall be rebased ((biennially, and thereafter for each odd numbered year beginning July 1st)), using the adjusted cost report data for the calendar year two years immediately preceding the rate rebase period, so that adjusted cost report data for calendar year 2007 is used for July 1, 2009, through June 30, ((2011)) 2012. Beginning July 1, 2012, the direct care component rate allocation shall be rebased biennially during every even-numbered year thereafter using adjusted cost report data from two years prior to the rebase period, so adjusted cost report data for calendar year 2010 is used for July 1, 2012, through June 30, 2014, and so forth.

(b) (Direct care component rate allocations based on 1996 cost report data shall be adjusted annually for economic trends and conditions by a factor or factors defined in the biennial appropriations act. A different economic trends and conditions adjustment factor or factors may be defined in the biennial appropriations act for facilities whose direct care component rate is set equal to their adjusted June 30, 1998, rate, as provided in RCW 74.46.506(5)(i).)

(c) Direct care component rate allocations based on 1999 cost report data shall be adjusted annually for economic trends and conditions by a factor or factors defined in the biennial appropriations act. A different economic trends and conditions adjustment factor or factors may be defined in the biennial appropriations act for facilities whose direct care component rate is set equal to their adjusted June 30, 1998, rate, as provided in RCW 74.46.506(5)(i).

(d) Direct care component rate allocations based on 2003 cost report data shall be adjusted annually for economic trends and conditions by a factor or factors defined in the biennial appropriations act. A different economic trends and conditions adjustment factor or factors may be defined in the biennial appropriations act for facilities whose direct care component rate is set equal to their adjusted June 30, 2006, rate, as provided in RCW 74.46.506(5)(i).

(e)) Direct care component rate allocations established in accordance with this chapter shall be adjusted annually for economic trends and conditions by a factor or factors defined in the biennial appropriations act. The economic trends and conditions factor or factors defined in the biennial appropriations act shall not be compounded with the economic trends and conditions factor or

factors defined in any other biennial appropriations acts before applying it to the direct care component rate allocation established in accordance with this chapter. When no economic trends and conditions factor or factors for either fiscal year are defined in a biennial appropriations act, no economic trends and conditions factor or factors defined in any earlier biennial appropriations act shall be applied solely or compounded to the direct care component rate allocation established in accordance with this chapter.

(5)(a) Therapy care component rate allocations shall be established using adjusted cost report data covering at least six months. ((Adjusted cost report data from 1996 will be used for October 1, 1998, through June 30, 2001, therapy care component rate allocations; adjusted cost report data from 1999 will be used for July 1, 2001, through June 30, 2005, therapy care component rate allocations. Adjusted cost report data from 1999 will continue to be used for July 1, 2005, through June 30, 2007, therapy care component rate allocations. Adjusted cost report data from 2005 will be used for July 1, 2007, through June 30, 2009, therapy care component rate allocations.)) Effective July 1, 2009, ((and thereafter for each odd numbered year beginning July 1st,)) the therapy care component rate allocation shall be cost rebased ((biennially, using the adjusted cost report data for the calendar year two years immediately preceding the rate rebase period)), so that adjusted cost report data for calendar year 2007 is used for July 1, 2009, through June 30, ((2011)) 2012. Beginning July 1, 2012, the therapy care component rate allocation shall be rebased biennially during every even-numbered year thereafter using adjusted cost report data from two years prior to the rebase period, so adjusted cost report data for calendar year 2010 is used for July 1, 2012, through June 30, 2014, and so forth.

(b) Therapy care component rate allocations established in accordance with this chapter shall be adjusted annually for economic trends and conditions by a factor or factors defined in the biennial appropriations act. The economic trends and conditions factor or factors defined in the biennial appropriations act shall not be compounded with the economic trends and conditions factor or factors defined in any other biennial appropriations acts before applying it to the therapy care component rate allocation established in accordance with this chapter. When no economic trends and conditions factor or factors for either fiscal year are defined in a biennial appropriations act, no economic trends and conditions factor or factors defined in any earlier biennial appropriations act shall be applied solely or compounded to the therapy care component rate allocation established in accordance with this chapter.

(6)(a) Support services component rate allocations shall be established using adjusted cost report data covering at least six months. ((Adjusted cost report data from 1996 shall be used for October 1, 1998, through June 30, 2001, support services component rate allocations; adjusted cost report data from 1999 shall be used for July 1, 2001, through June 30, 2005, support services component rate allocations. Adjusted cost report data from 1999 will continue to be used for July 1, 2005, through June 30, 2007, support services component rate allocations. Adjusted cost report data from 2005 will be used for July 1, 2007, through June 30, 2009, support services component rate allocations.)) Effective July 1, 2009, ((and thereafter for each odd numbered year beginning July 1st,)) the support services component rate allocation shall be cost rebased ((biennially, using the adjusted cost report data for the calendar year two years immediately preceding the rate rebase period)), so that adjusted cost report data for calendar year 2007 is used for July 1, 2009, through June 30, ((2011)) 2012. Beginning July 1, 2012, the support services component rate allocation shall be rebased biennially during every even-numbered year thereafter using adjusted cost report data from two years prior

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to the rebase period, so adjusted cost report data for calendar year 2010 is used for July 1, 2012, through June 30, 2014, and so forth.

(b) Support services component rate allocations established in accordance with this chapter shall be adjusted annually for economic trends and conditions by a factor or factors defined in the biennial appropriations act. The economic trends and conditions factor or factors defined in the biennial appropriations act shall not be compounded with the economic trends and conditions factor or factors defined in any other biennial appropriations acts before applying it to the support services component rate allocation established in accordance with this chapter. When no economic trends and conditions factor or factors for either fiscal year are defined in a biennial appropriations act, no economic trends and conditions factor or factors defined in any earlier biennial appropriations act shall be applied solely or compounded to the support services component rate allocation established in accordance with this chapter.

(7)(a) Operations component rate allocations shall be established using adjusted cost report data covering at least six months. ((Adjusted cost report data from 1996 shall be used for October 1, 1998, through June 30, 2001, operations component rate allocations; adjusted cost report data from 1999 shall be used for July 1, 2001, through June 30, 2006, operations component rate allocations. Adjusted cost report data from 2003 will be used for July 1, 2006, through June 30, 2007, operations component rate allocations. Adjusted cost report data from 2005 will be used for July 1, 2007, through June 30, 2009, operations component rate allocations.)) Effective July 1, 2009, ((and thereafter for each odd numbered year beginning July 1st,)) the operations component rate allocation shall be cost rebased ((biennially, using the adjusted cost report data for the calendar year two years immediately preceding the rate rebase period)), so that adjusted cost report data for calendar year 2007 is used for July 1, 2009, through June 30, ((2011)) 2012. Beginning July 1, 2012, the operations care component rate allocation shall be rebased biennially during every even-numbered year thereafter using adjusted cost report data from two years prior to the rebase period, so adjusted cost report data for calendar year 2010 is used for July 1, 2012, through June 30, 2014, and so forth.

(b) Operations component rate allocations established in accordance with this chapter shall be adjusted annually for economic trends and conditions by a factor or factors defined in the biennial appropriations act. The economic trends and conditions factor or factors defined in the biennial appropriations act shall not be compounded with the economic trends and conditions factor or factors defined in any other biennial appropriations acts before applying it to the operations component rate allocation established in accordance with this chapter. When no economic trends and conditions factor or factors for either fiscal year are defined in a biennial appropriations act, no economic trends and conditions factor or factors defined in any earlier biennial appropriations act shall be applied solely or compounded to the operations component rate allocation established in accordance with this chapter. ((A different economic trends and conditions adjustment factor or factors may be defined in the biennial appropriations act for facilities whose operations component rate is set equal to their adjusted June 30, 2006, rate, as provided in RCW 74.46.521(4).)

—(8) For July 1, 1998, through September 30, 1998, a facility's property and return on investment component rates shall be the facility's June 30, 1998, property and return on investment component rates, without increase. For October 1, 1998, through June 30, 1999, a facility's property and return on investment component rates shall be rebased utilizing 1997 adjusted cost report data covering at least six months of data.

—(9)) (8) Total payment rates under the nursing facility medicaid

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payment system shall not exceed facility rates charged to the general public for comparable services.

((10) Medicaid contractors shall pay to all facility staff a minimum wage of the greater of the state minimum wage or the federal minimum wage.

—(11)) (9) The department shall establish in rule procedures, principles, and conditions for determining component rate allocations for facilities in circumstances not directly addressed by this chapter, including but not limited to: ((The need to prorate)) Inflation adjustments for partial-period cost report data, newly constructed facilities, existing facilities entering the medicaid program for the first time or after a period of absence from the program, existing facilities with expanded new bed capacity, existing medicaid facilities following a change of ownership of the nursing facility business, ((facilities banking beds or converting beds back into service,)) facilities temporarily reducing the number of set-up beds during a remodel, facilities having less than six months of either resident assessment, cost report data, or both, under the current contractor prior to rate setting, and other circumstances.

((12)) (10) The department shall establish in rule procedures, principles, and conditions, including necessary threshold costs, for adjusting rates to reflect capital improvements or new requirements imposed by the department or the federal government. Any such rate adjustments are subject to the provisions of RCW 74.46.421.

((13) Effective July 1, 2001, medicaid rates shall continue to be revised downward in all components, in accordance with department rules, for facilities converting banked beds to active service under chapter 70.38 RCW, by using the facility's increased licensed bed capacity to recalculate minimum occupancy for rate setting. However, for facilities other than essential community providers which bank beds under chapter 70.38 RCW, after May 25, 2001, medicaid rates shall be revised upward, in accordance with department rules, in direct care, therapy care, support services, and variable return components only, by using the facility's decreased licensed bed capacity to recalculate minimum occupancy for rate setting, but no upward revision shall be made to operations, property, or financing allowance component rates. The direct care component rate allocation shall be adjusted, without using the minimum occupancy assumption, for facilities that convert banked beds to active service, under chapter 70.38 RCW, beginning on July 1, 2006. Effective July 1, 2007, component rate allocations for direct care shall be based on actual patient days regardless of whether a facility has converted banked beds to active service.

—(14)) (11) Effective July 1, 2010, there shall be no rate adjustment for facilities with banked beds. For purposes of calculating minimum occupancy, licensed beds include any beds banked under chapter 70.38 RCW.

(12) Facilities obtaining a certificate of need or a certificate of need exemption under chapter 70.38 RCW after June 30, 2001, must have a certificate of capital authorization in order for (a) the depreciation resulting from the capitalized addition to be included in calculation of the facility's property component rate allocation; and (b) the net invested funds associated with the capitalized addition to be included in calculation of the facility's financing allowance rate allocation.

**Sec. 4.** RCW 74.46.433 and 2006 c 258 s 3 are each amended to read as follows:

(1) The department shall establish for each medicaid nursing facility a variable return component rate allocation. In determining the variable return allowance:

(a) Except as provided in ((e))) (d) of this subsection, the variable return array and percentage shall be assigned whenever rebasing of noncapital rate allocations is scheduled under RCW 74.46.431 (4), (5), (6), and (7).

(b) To calculate the array of facilities ((for the July 1, 2001, rate setting)), the department, without using peer groups, shall first rank all facilities in numerical order from highest to lowest according to each facility's examined and documented, but unlidded, combined direct care, therapy care, support services, and operations per resident day cost from the ((1999 cost report period)) applicable cost report period specified in RCW 74.46.431(4)(a). However, before being combined with other per resident day costs and ranked, a facility's direct care cost per resident day shall be adjusted to reflect its facility average case mix index, to be averaged from the four calendar quarters of ((1999)) the cost report period identified in RCW 74.46.431(4)(a), weighted by the facility's resident days from each quarter, under RCW 74.46.501((7)) (6)(b)((ii)). The array shall then be divided into four quartiles, each containing, as nearly as possible, an equal number of facilities, and four percent shall be assigned to facilities in the lowest quartile, three percent to facilities in the next lowest quartile, two percent to facilities in the next highest quartile, and one percent to facilities in the highest quartile.

(c) The department shall((, subject to (d) of this subsection,)) compute the variable return allowance by multiplying a facility's assigned percentage by the sum of the facility's direct care, therapy care, support services, and operations component rates determined in accordance with this chapter and rules adopted by the department.

(d) ((Effective July 1, 2001, if a facility's examined and documented direct care cost per resident day for the preceding report year is lower than its average direct care component rate weighted by medicaid resident days for the same year, the facility's direct care cost shall be substituted for its July 1, 2001, direct care component rate, and its variable return component rate shall be determined or adjusted each July 1st by multiplying the facility's assigned percentage by the sum of the facility's July 1, 2001, therapy care, support services, and operations component rates, and its direct care cost per resident day for the preceding year.

(e) Effective July 1, 2006,)) The variable return component rate allocation for each facility shall be thirty percent of the facility's June 30, 2006, variable return component rate allocation.

(2) The variable return rate allocation calculated in accordance with this section shall be adjusted to the extent necessary to comply with RCW 74.46.421.

**Sec. 5.** RCW 74.46.435 and 2001 1st sp.s. c 8 s 7 are each amended to read as follows:

(1) ((Effective July 1, 2001,)) The property component rate allocation for each facility shall be determined by dividing the sum of the reported allowable prior period actual depreciation, subject to ((RCW 74.46.310 through 74.46.380)) department rule, adjusted for any capitalized additions or replacements approved by the department, and the retained savings from such cost center, by the greater of a facility's total resident days ((for the facility)) in the prior period or resident days as calculated on eighty-five percent facility occupancy for essential community providers, ninety percent occupancy for small nonessential community providers, or ninety-two percent facility occupancy for large nonessential community providers. ((Effective July 1, 2002, the property component rate allocation for all facilities, except essential community providers, shall be set by using the greater of a facility's total resident days from the most recent cost report period or resident days calculated at ninety percent facility occupancy.)) If a capitalized addition or retirement of an asset will result in a different licensed bed capacity during the ensuing period, the prior period total resident days used in computing the property component rate shall be adjusted to anticipated resident day level.

(2) A nursing facility's property component rate allocation shall be rebased annually, effective July 1st, in accordance with this section and this chapter.

(3) When a certificate of need for a new facility is requested, the department, in reaching its decision, shall take into consideration

per-bed land and building construction costs for the facility which shall not exceed a maximum to be established by the secretary.

(4) ((Effective July 1, 2001, for the purpose of calculating a nursing facility's property component rate, if a contractor has elected to bank licensed beds prior to April 1, 2001, or elects to convert banked beds to active service at any time, under chapter 70.38 RCW, the department shall use the facility's new licensed bed capacity to recalculate minimum occupancy for rate setting and revise the property component rate, as needed, effective as of the date the beds are banked or converted to active service. However, in no case shall the department use less than eighty-five percent occupancy of the facility's licensed bed capacity after banking or conversion. Effective July 1, 2002, in no case, other than essential community providers, shall the department use less than ninety percent occupancy of the facility's licensed bed capacity after conversion.

((5))) The property component rate allocations calculated in accordance with this section shall be adjusted to the extent necessary to comply with RCW 74.46.421.

**Sec. 6.** RCW 74.46.437 and 2001 1st sp.s. c 8 s 8 are each amended to read as follows:

(1) ((Beginning July 1, 1999,)) The department shall establish for each medicaid nursing facility a financing allowance component rate allocation. The financing allowance component rate shall be rebased annually, effective July 1st, in accordance with the provisions of this section and this chapter.

(2) ((Effective July 1, 2001,)) The financing allowance shall be determined by multiplying the net invested funds of each facility by ((.10)) 0.04, and dividing by the greater of a nursing facility's total resident days from the most recent cost report period or resident days calculated on eighty-five percent facility occupancy for essential community providers, ninety percent facility occupancy for small nonessential community providers, or ninety-two percent occupancy for large nonessential community providers. ((Effective July 1, 2002, the financing allowance component rate allocation for all facilities, other than essential community providers, shall be set by using the greater of a facility's total resident days from the most recent cost report period or resident days calculated at ninety percent facility occupancy.)) However, assets acquired on or after May 17, 1999, shall be grouped in a separate financing allowance calculation that shall be multiplied by ((.085)) 0.04. The financing allowance factor of ((.085)) 0.04 shall ((not)) be applied to the net invested funds pertaining to new construction or major renovations receiving certificate of need approval or an exemption from certificate of need requirements under chapter 70.38 RCW, or to working drawings that have been submitted to the department of health for construction review approval, prior to May 17, 1999. If a capitalized addition, renovation, replacement, or retirement of an asset will result in a different licensed bed capacity during the ensuing period, the prior period total resident days used in computing the financing allowance shall be adjusted to the greater of the anticipated resident day level or eighty-five percent of the new licensed bed capacity for essential community providers, ninety percent of the new licensed bed capacity for small nonessential community providers, or ninety-two percent of the new licensed bed capacity for large nonessential community providers. ((Effective July 1, 2002, for all facilities, other than essential community providers, the total resident days used to compute the financing allowance after a capitalized addition, renovation, replacement, or retirement of an asset shall be set by using the greater of a facility's total resident days from the most recent cost report period or resident days calculated at ninety percent facility occupancy.))

(3) In computing the portion of net invested funds representing the net book value of tangible fixed assets, the same assets, depreciation bases, lives, and methods referred to in ((RCW

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~~74.46.330, 74.46.350, 74.46.360, 74.46.370, and 74.46.380)) rule~~, including owned and leased assets, shall be utilized, except that the capitalized cost of land upon which the facility is located and such other contiguous land which is reasonable and necessary for use in the regular course of providing resident care shall also be included. Subject to provisions and limitations contained in this chapter, for land purchased by owners or lessors before July 18, 1984, capitalized cost of land shall be the buyer's capitalized cost. For all partial or whole rate periods after July 17, 1984, if the land is purchased after July 17, 1984, capitalized cost shall be that of the owner of record on July 17, 1984, or buyer's capitalized cost, whichever is lower. In the case of leased facilities where the net invested funds are unknown or the contractor is unable to provide necessary information to determine net invested funds, the secretary shall have the authority to determine an amount for net invested funds based on an appraisal conducted according to ~~((RCW 74.46.360(1))) department rule.~~

~~(4) ((Effective July 1, 2001, for the purpose of calculating a nursing facility's financing allowance component rate, if a contractor has elected to bank licensed beds prior to May 25, 2001, or elects to convert banked beds to active service at any time, under chapter 70.38 RCW, the department shall use the facility's new licensed bed capacity to recalculate minimum occupancy for rate setting and revise the financing allowance component rate, as needed, effective as of the date the beds are banked or converted to active service. However, in no case shall the department use less than eighty five percent occupancy of the facility's licensed bed capacity after banking or conversion. Effective July 1, 2002, in no case, other than for essential community providers, shall the department use less than ninety percent occupancy of the facility's licensed bed capacity after conversion.~~

~~—(5)) The financing allowance rate allocation calculated in accordance with this section shall be adjusted to the extent necessary to comply with RCW 74.46.421.~~

**Sec. 7.** RCW 74.46.439 and 1999 c 353 s 12 are each amended to read as follows:

(1) In the case of a facility that was leased by the contractor as of January 1, 1980, in an arm's-length agreement, which continues to be leased under the same lease agreement, ~~((and for which the annualized lease payment, plus any interest and depreciation expenses associated with contractor owned assets, for the period covered by the prospective rates, divided by the contractor's total resident days, minus the property component rate allocation, is more than the sum of the financing allowance and the variable return rate determined according to this chapter, the following shall apply:~~

~~(a) The financing allowance shall be recomputed substituting the fair market value of the assets as of January 1, 1982, as determined by the department of general administration through an appraisal procedure, less accumulated depreciation on the lessor's assets since January 1, 1982, for the net book value of the assets in determining net invested funds for the facility. A determination by the department of general administration of fair market value shall be final unless the procedure used to make such a determination is shown to be arbitrary and capricious.~~

~~(b) The sum of the financing allowance computed under (a) of this subsection and the variable return rate shall be compared to the annualized lease payment, plus any interest and depreciation associated with contractor owned assets, for the period covered by the prospective rates, divided by the contractor's total resident days, minus the property component rate. The lesser of the two amounts shall be called the alternate return on investment rate.~~

~~(c) The sum of the financing allowance and variable return rate determined according to this chapter or the alternate return on investment rate, whichever is greater, shall be added to the prospective rates of the contractor.~~

~~—(2) In the case of a facility that was leased by the contractor as of January 1, 1980, in an arm's length agreement, if the lease is renewed or extended under a provision of the lease, the treatment provided in subsection (1) of this section shall be applied, except that in the case of renewals or extensions made subsequent to April 1, 1985, reimbursement for the annualized lease payment shall be no greater than the reimbursement for the annualized lease payment for the last year prior to the renewal or extension of the lease.~~

~~—(3)) the financing allowance rate will be the greater of the rate existing on June 30, 2010, or the rate calculated under RCW 74.46.437.~~

~~(2) The alternate return on investment component rate allocations calculated in accordance with this section shall be adjusted to the extent necessary to comply with RCW 74.46.421.~~

**Sec. 8.** RCW 74.46.475 and 1998 c 322 s 21 are each amended to read as follows:

~~((1)) The department shall analyze the submitted cost report or a portion thereof of each contractor for each report period to determine if the information is correct, complete, reported in conformance with department instructions and generally accepted accounting principles, the requirements of this chapter, and such rules as the department may adopt. If the analysis finds that the cost report is incorrect or incomplete, the department may make adjustments to the reported information for purposes of establishing payment rate allocations. A schedule of such adjustments shall be provided to contractors and shall include an explanation for the adjustment and the dollar amount of the adjustment. Adjustments shall be subject to review and appeal as provided in this chapter.~~

~~((2) The department shall accumulate data from properly completed cost reports, in addition to assessment data on each facility's resident population characteristics, for use in:~~

- ~~(a) Exception profiling; and~~
- ~~(b) Establishing rates.~~

~~((3) The department may further utilize such accumulated data for analytical, statistical, or informational purposes as necessary.)~~

**Sec. 9.** RCW 74.46.485 and 2009 c 570 s 2 are each amended to read as follows:

(1) The department shall:

(a) Employ the resource utilization group III case mix classification methodology. The department shall use the forty-four group index maximizing model for the resource utilization group III grouper version 5.10, but the department may revise or update the classification methodology to reflect advances or refinements in resident assessment or classification, subject to federal requirements; and

(b) Implement minimum data set 3.0 under the authority of this section and RCW 74.46.431(3). The department must notify nursing home contractors twenty-eight days in advance the date of implementation of the minimum data set 3.0. In the notification, the department must identify for all ~~((quarterly)) semiannual~~ rate settings following the date of minimum data set 3.0 implementation a previously established ~~((quarterly)) semiannual~~ case mix adjustment established for the ~~((quarterly)) semiannual~~ rate settings that will be used for ~~((quarterly)) semiannual~~ case mix calculations in direct care until minimum data set 3.0 is fully implemented. After the department has fully implemented minimum data set 3.0, it must adjust any ~~((quarterly)) semiannual rate setting~~ in which it used the previously established ~~((quarterly))~~ case mix adjustment using the new minimum data set 3.0 data.

(2) A default case mix group shall be established for cases in which the resident dies or is discharged for any purpose prior to completion of the resident's initial assessment. The default case mix group and case mix weight for these cases shall be designated by the department.

(3) A default case mix group may also be established for cases in which there is an untimely assessment for the resident. The default case mix group and case mix weight for these cases shall be designated by the department.

**Sec. 10.** RCW 74.46.496 and 2006 c 258 s 4 are each amended to read as follows:

(1) Each case mix classification group shall be assigned a case mix weight. The case mix weight for each resident of a nursing facility for each calendar quarter or six-month period during a calendar year shall be based on data from resident assessment instruments completed for the resident and weighted by the number of days the resident was in each case mix classification group. Days shall be counted as provided in this section.

(2) The case mix weights shall be based on the average minutes per registered nurse, licensed practical nurse, and certified nurse aide, for each case mix group, and using the ((~~health care financing administration of the~~) United States department of health and human services 1995 nursing facility staff time measurement study stemming from its multistate nursing home case mix and quality demonstration project. Those minutes shall be weighted by statewide ratios of registered nurse to certified nurse aide, and licensed practical nurse to certified nurse aide, wages, including salaries and benefits, which shall be based on 1995 cost report data for this state.

(3) The case mix weights shall be determined as follows:

(a) Set the certified nurse aide wage weight at 1.000 and calculate wage weights for registered nurse and licensed practical nurse average wages by dividing the certified nurse aide average wage into the registered nurse average wage and licensed practical nurse average wage;

(b) Calculate the total weighted minutes for each case mix group in the resource utilization group III classification system by multiplying the wage weight for each worker classification by the average number of minutes that classification of worker spends caring for a resident in that resource utilization group III classification group, and summing the products;

(c) Assign a case mix weight of 1.000 to the resource utilization group III classification group with the lowest total weighted minutes and calculate case mix weights by dividing the lowest group's total weighted minutes into each group's total weighted minutes and rounding weight calculations to the third decimal place.

(4) The case mix weights in this state may be revised if the ((~~health care financing administration~~) United States department of health and human services updates its nursing facility staff time measurement studies. The case mix weights shall be revised, but only when direct care component rates are cost-rebased as provided in subsection (5) of this section, to be effective on the July 1st effective date of each cost-rebased direct care component rate. However, the department may revise case mix weights more frequently if, and only if, significant variances in wage ratios occur among direct care staff in the different caregiver classifications identified in this section.

(5) Case mix weights shall be revised when direct care component rates are cost-rebased as provided in RCW 74.46.431(4).

**Sec. 11.** RCW 74.46.501 and 2006 c 258 s 5 are each amended to read as follows:

(1) From individual case mix weights for the applicable quarter, the department shall determine two average case mix indexes for each medicaid nursing facility, one for all residents in the facility, known as the facility average case mix index, and one for medicaid residents, known as the medicaid average case mix index.

(2)(a) In calculating a facility's two average case mix indexes for each quarter, the department shall include all residents or medicaid residents, as applicable, who were physically in the facility during the quarter in question based on the resident assessment instrument completed by the facility and the requirements and

limitations for the instrument's completion and transmission (January 1st through March 31st, April 1st through June 30th, July 1st through September 30th, or October 1st through December 31st).

(b) The facility average case mix index shall exclude all default cases as defined in this chapter. However, the medicaid average case mix index shall include all default cases.

(3) Both the facility average and the medicaid average case mix indexes shall be determined by multiplying the case mix weight of each resident, or each medicaid resident, as applicable, by the number of days, as defined in this section and as applicable, the resident was at each particular case mix classification or group, and then averaging.

(4)((a)) In determining the number of days a resident is classified into a particular case mix group, the department shall determine a start date for calculating case mix grouping periods as follows:

— (i) If a resident's initial assessment for a first stay or a return stay in the nursing facility is timely completed and transmitted to the department by the cutoff date under state and federal requirements and as described in subsection (5) of this section, the start date shall be the later of either the first day of the quarter or the resident's facility admission or readmission date;

— (ii) If a resident's significant change, quarterly, or annual assessment is timely completed and transmitted to the department by the cutoff date under state and federal requirements and as described in subsection (5) of this section, the start date shall be the date the assessment is completed;

— (iii) If a resident's significant change, quarterly, or annual assessment is not timely completed and transmitted to the department by the cutoff date under state and federal requirements and as described in subsection (5) of this section, the start date shall be the due date for the assessment.

— (b) If state or federal rules require more frequent assessment, the same principles for determining the start date of a resident's classification in a particular case mix group set forth in subsection (4)(a) of this section shall apply.

— (c) In calculating the number of days a resident is classified into a particular case mix group, the department shall determine an end date for calculating case mix grouping periods as follows:

— (i) If a resident is discharged before the end of the applicable quarter, the end date shall be the day before discharge;

— (ii) If a resident is not discharged before the end of the applicable quarter, the end date shall be the last day of the quarter;

— (iii) If a new assessment is due for a resident or a new assessment is completed and transmitted to the department, the end date of the previous assessment shall be the earlier of either the day before the assessment is due or the day before the assessment is completed by the nursing facility) specified by rule.

(5) The cutoff date for the department to use resident assessment data, for the purposes of calculating both the facility average and the medicaid average case mix indexes, and for establishing and updating a facility's direct care component rate, shall be one month and one day after the end of the quarter for which the resident assessment data applies.

(6) ((A threshold of ninety percent, as described and calculated in this subsection, shall be used to determine the case mix index each quarter. The threshold shall also be used to determine which facilities' costs per case mix unit are included in determining the ceiling, floor, and price. For direct care component rate allocations established on and after July 1, 2006, the threshold of ninety percent shall be used to determine the case mix index each quarter and to determine which facilities' costs per case mix unit are included in determining the ceiling and price. If the facility does not meet the ninety percent threshold, the department may use an alternate case mix index to determine the facility average and medicaid average

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~~case mix indexes for the quarter. The threshold is a count of unique minimum data set assessments, and it shall include resident assessment instrument tracking forms for residents discharged prior to completing an initial assessment. The threshold is calculated by dividing a facility's count of residents being assessed by the average census for the facility. A daily census shall be reported by each nursing facility as it transmits assessment data to the department. The department shall compute a quarterly average census based on the daily census. If no census has been reported by a facility during a specified quarter, then the department shall use the facility's licensed beds as the denominator in computing the threshold.~~

~~(7)))(a) Although the facility average and the medicaid average case mix indexes shall both be calculated quarterly, the cost-rebasing period facility average case mix index will be used throughout the applicable cost-rebasing period in combination with cost report data as specified by RCW 74.46.431 and 74.46.506, to establish a facility's allowable cost per case mix unit. A facility's medicaid average case mix index shall be used to update a nursing facility's direct care component rate ((quarterly)) semiannually.~~

(b) The facility average case mix index used to establish each nursing facility's direct care component rate shall be based on an average of calendar quarters of the facility's average case mix indexes(.

~~(i) For October 1, 1998, direct care component rates, the department shall use an average of facility average case mix indexes from the four calendar quarters of 1997.~~

~~(ii) For July 1, 2001, direct care component rates, the department shall use an average of facility average case mix indexes from the four calendar quarters of 1999.~~

~~(iii) Beginning on July 1, 2006, when establishing the direct care component rates, the department shall use an average of facility case mix indexes)) from the four calendar quarters occurring during the cost report period used to rebase the direct care component rate allocations as specified in RCW 74.46.431.~~

(c) The medicaid average case mix index used to update or recalibrate a nursing facility's direct care component rate ((quarterly)) semiannually shall be from the calendar ((quarter)) six-month period commencing ((six)) nine months prior to the effective date of the ((quarterly)) semiannual rate. For example, ((October 1, 1998)) July 1, 2010, through December 31, ((1998)) 2010, direct care component rates shall utilize case mix averages from the ((April 1, 1998)) October 1, 2009, through ((June 30, 1998)) March 31, 2010, calendar quarters, and so forth.

**Sec. 12.** RCW 74.46.506 and 2007 c 508 s 3 are each amended to read as follows:

(1) The direct care component rate allocation corresponds to the provision of nursing care for one resident of a nursing facility for one day, including direct care supplies. Therapy services and supplies, which correspond to the therapy care component rate, shall be excluded. The direct care component rate includes elements of case mix determined consistent with the principles of this section and other applicable provisions of this chapter.

(2) ~~((Beginning October 1, 1998,))~~ The department shall determine and update ((quarterly)) semiannually for each nursing facility serving medicaid residents a facility-specific per-resident day direct care component rate allocation, to be effective on the first day of each ((calendar quarter)) six-month period. In determining direct care component rates the department shall utilize, as specified in this section, minimum data set resident assessment data for each resident of the facility, as transmitted to, and if necessary corrected by, the department in the resident assessment instrument format approved by federal authorities for use in this state.

(3) The department may question the accuracy of assessment data for any resident and utilize corrected or substitute information, however derived, in determining direct care component rates. The

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department is authorized to impose civil fines and to take adverse rate actions against a contractor, as specified by the department in rule, in order to obtain compliance with resident assessment and data transmission requirements and to ensure accuracy.

(4) Cost report data used in setting direct care component rate allocations shall be for rate periods as specified in RCW 74.46.431(4)(a).

~~(5) ((Beginning October 1, 1998,))~~ The department shall rebase each nursing facility's direct care component rate allocation as described in RCW 74.46.431, adjust its direct care component rate allocation for economic trends and conditions as described in RCW 74.46.431, and update its medicaid average case mix index as described in RCW 74.46.496 and 74.46.501, consistent with the following:

(a) ~~((Reduce))~~ Adjust total direct care costs reported by each nursing facility for the applicable cost report period specified in RCW 74.46.431(4)(a) to reflect any department adjustments, and to eliminate reported resident therapy costs and adjustments, in order to derive the facility's total allowable direct care cost;

(b) Divide each facility's total allowable direct care cost by its adjusted resident days for the same report period, ~~((increased if necessary to a minimum occupancy of eighty five percent; that is, the greater of actual or imputed occupancy at eighty five percent of licensed beds,))~~ to derive the facility's allowable direct care cost per resident day~~((. However, effective July 1, 2006, each facility's allowable direct care costs shall be divided by its adjusted resident days without application of a minimum occupancy assumption))~~;

~~(c) ((Adjust the facility's per resident day direct care cost by the applicable factor specified in RCW 74.46.431(4) to derive its adjusted allowable direct care cost per resident day;~~

~~(d)) Divide each facility's adjusted allowable direct care cost per resident day by the facility average case mix index for the applicable quarters specified by RCW 74.46.501~~((7(b))) (6)(b)~~ to derive the facility's allowable direct care cost per case mix unit;~~

~~((e) Effective for July 1, 2001, rate setting,)) (d) Divide nursing facilities into at least two and, if applicable, three peer groups: Those located in nonurban counties; those located in high labor-cost counties, if any; and those located in other urban counties;~~

~~((f)) (e) Array separately the allowable direct care cost per case mix unit for all facilities in nonurban counties; for all facilities in high labor-cost counties, if applicable; and for all facilities in other urban counties, and determine the median allowable direct care cost per case mix unit for each peer group;~~

~~((g)) Except as provided in (i) of this subsection, from October 1, 1998, through June 30, 2000, determine each facility's quarterly direct care component rate as follows:~~

~~(i) Any facility whose allowable cost per case mix unit is less than eighty five percent of the facility's peer group median established under (f) of this subsection shall be assigned a cost per case mix unit equal to eighty five percent of the facility's peer group median, and shall have a direct care component rate allocation equal to the facility's assigned cost per case mix unit multiplied by that facility's medicaid average case mix index from the applicable quarter specified in RCW 74.46.501(7)(c);~~

~~(ii) Any facility whose allowable cost per case mix unit is greater than one hundred fifteen percent of the peer group median established under (f) of this subsection shall be assigned a cost per case mix unit equal to one hundred fifteen percent of the peer group median, and shall have a direct care component rate allocation equal to the facility's assigned cost per case mix unit multiplied by that facility's medicaid average case mix index from the applicable quarter specified in RCW 74.46.501(7)(c);~~

~~(iii) Any facility whose allowable cost per case mix unit is between eighty five and one hundred fifteen percent of the peer group median established under (f) of this subsection shall have a~~

~~direct care component rate allocation equal to the facility's allowable cost per case mix unit multiplied by that facility's medicaid average case mix index from the applicable quarter specified in RCW 74.46.501(7)(e);~~

~~(h) Except as provided in (i) of this subsection, from July 1, 2000, through June 30, 2006, determine each facility's quarterly direct care component rate as follows:~~

~~(i) Any facility whose allowable cost per case mix unit is less than ninety percent of the facility's peer group median established under (f) of this subsection shall be assigned a cost per case mix unit equal to ninety percent of the facility's peer group median, and shall have a direct care component rate allocation equal to the facility's assigned cost per case mix unit multiplied by that facility's medicaid average case mix index from the applicable quarter specified in RCW 74.46.501(7)(e);~~

~~(ii) Any facility whose allowable cost per case mix unit is greater than one hundred ten percent of the peer group median established under (f) of this subsection shall be assigned a cost per case mix unit equal to one hundred ten percent of the peer group median, and shall have a direct care component rate allocation equal to the facility's assigned cost per case mix unit multiplied by that facility's medicaid average case mix index from the applicable quarter specified in RCW 74.46.501(7)(e);~~

~~(iii) Any facility whose allowable cost per case mix unit is between ninety and one hundred ten percent of the peer group median established under (f) of this subsection shall have a direct care component rate allocation equal to the facility's allowable cost per case mix unit multiplied by that facility's medicaid average case mix index from the applicable quarter specified in RCW 74.46.501(7)(e);~~

~~(i) Between October 1, 1998, and June 30, 2000, the department shall compare each facility's direct care component rate allocation calculated under (g) of this subsection with the facility's nursing services component rate in effect on September 30, 1998, less therapy costs, plus any exceptional care offsets as reported on the cost report, adjusted for economic trends and conditions as provided in RCW 74.46.431. A facility shall receive the higher of the two rates.~~

~~(ii) Between July 1, 2000, and June 30, 2002, the department shall compare each facility's direct care component rate allocation calculated under (h) of this subsection with the facility's direct care component rate in effect on June 30, 2000. A facility shall receive the higher of the two rates. Between July 1, 2001, and June 30, 2002, if during any quarter a facility whose rate paid under (h) of this subsection is greater than either the direct care rate in effect on June 30, 2000, or than that facility's allowable direct care cost per case mix unit calculated in (d) of this subsection multiplied by that facility's medicaid average case mix index from the applicable quarter specified in RCW 74.46.501(7)(e), the facility shall be paid in that and each subsequent quarter pursuant to (h) of this subsection and shall not be entitled to the greater of the two rates.~~

~~(iii) Between July 1, 2002, and June 30, 2006, all direct care component rate allocations shall be as determined under (h) of this subsection.~~

~~(iv) Effective July 1, 2006, for all providers, except vital local providers as defined in this chapter, all direct care component rate allocations shall be as determined under (j) of this subsection.~~

~~(v) Effective July 1, 2006, through June 30, 2007, for vital local providers, as defined in this chapter, direct care component rate allocations shall be determined as follows:~~

~~(A) The department shall calculate:~~

~~(I) The sum of each facility's July 1, 2006, direct care component rate allocation calculated under (j) of this subsection and July 1, 2006, operations component rate calculated under RCW 74.46.521; and~~

~~(II) The sum of each facility's June 30, 2006, direct care and~~

~~operations component rates.~~

~~(B) If the sum calculated under (i)(v)(A)(I) of this subsection is less than the sum calculated under (i)(v)(A)(II) of this subsection, the facility shall have a direct care component rate allocation equal to the facility's June 30, 2006, direct care component rate allocation.~~

~~(C) If the sum calculated under (i)(v)(A)(I) of this subsection is greater than or equal to the sum calculated under (i)(v)(A)(II) of this subsection, the facility's direct care component rate shall be calculated under (j) of this subsection;~~

~~(j) Except as provided in (i) of this subsection, from July 1, 2006, forward, and for all future rate setting, (f) Determine each facility's ((quarterly)) semianual direct care component rate as follows:~~

~~(i) Any facility whose allowable cost per case mix unit is greater than one hundred twelve percent of the peer group median established under (((+))) (e) of this subsection shall be assigned a cost per case mix unit equal to one hundred twelve percent of the peer group median, and shall have a direct care component rate allocation equal to the facility's assigned cost per case mix unit multiplied by that facility's medicaid average case mix index from the applicable ((quarter)) six-month period specified in RCW 74.46.501(((7))) (6)(c);~~

~~(ii) Any facility whose allowable cost per case mix unit is less than or equal to one hundred twelve percent of the peer group median established under (((+))) (e) of this subsection shall have a direct care component rate allocation equal to the facility's allowable cost per case mix unit multiplied by that facility's medicaid average case mix index from the applicable ((quarter)) six-month period specified in RCW 74.46.501(((7))) (6)(c).~~

~~(6) The direct care component rate allocations calculated in accordance with this section shall be adjusted to the extent necessary to comply with RCW 74.46.421.~~

~~(7) Costs related to payments resulting from increases in direct care component rates, granted under authority of RCW 74.46.508((+))) for a facility's exceptional care residents, shall be offset against the facility's examined, allowable direct care costs, for each report year or partial period such increases are paid. Such reductions in allowable direct care costs shall be for rate setting, settlement, and other purposes deemed appropriate by the department.~~

**Sec. 13.** RCW 74.46.508 and 2003 1st sp.s. c 6 s 1 are each amended to read as follows:

~~((+))) The department is authorized to increase the direct care component rate allocation calculated under RCW 74.46.506(5) for residents who have unmet exceptional care needs as determined by the department in rule. The department may, by rule, establish criteria, patient categories, and methods of exceptional care payment.~~

~~((2)) The department may by July 1, 2003, adopt rules and implement a system of exceptional care payments for therapy care.~~

~~(a) Payments may be made on behalf of facility residents who are under age sixty five, not eligible for medicare, and can achieve significant progress in their functional status if provided with intensive therapy care services.~~

~~(b) Payments may be made only after approval of a rehabilitation plan of care for each resident on whose behalf a payment is made under this subsection, and each resident's progress must be periodically monitored.)~~

**Sec. 14.** RCW 74.46.511 and 2008 c 263 s 3 are each amended to read as follows:

~~(1) The therapy care component rate allocation corresponds to the provision of medicaid one-on-one therapy provided by a qualified therapist as defined in this chapter, including therapy supplies and therapy consultation, for one day for one medicaid resident of a nursing facility. ((The therapy care component rate allocation for October 1, 1998, through June 30, 2001, shall be~~

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~~based on adjusted therapy costs and days from calendar year 1996. The therapy component rate allocation for July 1, 2001, through June 30, 2007, shall be based on adjusted therapy costs and days from calendar year 1999. Effective July 1, 2007,))~~ The therapy care component rate allocation shall be based on adjusted therapy costs and days as described in RCW 74.46.431(5). The therapy care component rate shall be adjusted for economic trends and conditions as specified in RCW 74.46.431(5), and shall be determined in accordance with this section. In determining each facility's therapy care component rate allocation, the department shall apply the applicable minimum facility occupancy adjustment before creating the array of facilities' adjusted therapy care costs per adjusted resident day.

(2) In rebasing, as provided in RCW 74.46.431(5)(a), the department shall take from the cost reports of facilities the following reported information:

(a) Direct one-on-one therapy charges for all residents by payer including charges for supplies;

(b) The total units or modules of therapy care for all residents by type of therapy provided, for example, speech or physical. A unit or module of therapy care is considered to be fifteen minutes of one-on-one therapy provided by a qualified therapist or support personnel; and

(c) Therapy consulting expenses for all residents.

(3) The department shall determine for all residents the total cost per unit of therapy for each type of therapy by dividing the total adjusted one-on-one therapy expense for each type by the total units provided for that therapy type.

(4) The department shall divide medicaid nursing facilities in this state into two peer groups:

(a) Those facilities located within urban counties; and

(b) Those located within nonurban counties.

The department shall array the facilities in each peer group from highest to lowest based on their total cost per unit of therapy for each therapy type. The department shall determine the median total cost per unit of therapy for each therapy type and add ten percent of median total cost per unit of therapy. The cost per unit of therapy for each therapy type at a nursing facility shall be the lesser of its cost per unit of therapy for each therapy type or the median total cost per unit plus ten percent for each therapy type for its peer group.

(5) The department shall calculate each nursing facility's therapy care component rate allocation as follows:

(a) To determine the allowable total therapy cost for each therapy type, the allowable cost per unit of therapy for each type of therapy shall be multiplied by the total therapy units for each type of therapy;

(b) The medicaid allowable one-on-one therapy expense shall be calculated taking the allowable total therapy cost for each therapy type times the medicaid percent of total therapy charges for each therapy type;

(c) The medicaid allowable one-on-one therapy expense for each therapy type shall be divided by total adjusted medicaid days to arrive at the medicaid one-on-one therapy cost per patient day for each therapy type;

(d) The medicaid one-on-one therapy cost per patient day for each therapy type shall be multiplied by total adjusted patient days for all residents to calculate the total allowable one-on-one therapy expense. The lesser of the total allowable therapy consultant expense for the therapy type or a reasonable percentage of allowable therapy consultant expense for each therapy type, as established in rule by the department, shall be added to the total allowable one-on-one therapy expense to determine the allowable therapy cost for each therapy type;

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(e) The allowable therapy cost for each therapy type shall be added together, the sum of which shall be the total allowable therapy expense for the nursing facility;

(f) The total allowable therapy expense will be divided by the greater of adjusted total patient days from the cost report on which the therapy expenses were reported, or patient days at eighty-five percent occupancy of licensed beds. The outcome shall be the nursing facility's therapy care component rate allocation.

(6) The therapy care component rate allocations calculated in accordance with this section shall be adjusted to the extent necessary to comply with RCW 74.46.421.

(7) The therapy care component rate shall be suspended for medicaid residents in qualified nursing facilities designated by the department who are receiving therapy paid by the department outside the facility daily rate ((under RCW 74.46.508(2))).

**Sec. 15.** RCW 74.46.515 and 2008 c 263 s 4 are each amended to read as follows:

(1) The support services component rate allocation corresponds to the provision of food, food preparation, dietary, housekeeping, and laundry services for one resident for one day.

(2) ((Beginning October 1, 1998,)) The department shall determine each medicaid nursing facility's support services component rate allocation using cost report data specified by RCW 74.46.431(6).

(3) To determine each facility's support services component rate allocation, the department shall:

(a) Array facilities' adjusted support services costs per adjusted resident day, as determined by dividing each facility's total allowable support services costs by its adjusted resident days for the same report period, increased if necessary to a minimum occupancy provided by RCW 74.46.431(2), for each facility from facilities' cost reports from the applicable report year, for facilities located within urban counties, and for those located within nonurban counties and determine the median adjusted cost for each peer group;

(b) Set each facility's support services component rate at the lower of the facility's per resident day adjusted support services costs from the applicable cost report period or the adjusted median per resident day support services cost for that facility's peer group, either urban counties or nonurban counties, plus ten percent; and

(c) Adjust each facility's support services component rate for economic trends and conditions as provided in RCW 74.46.431(6).

(4) The support services component rate allocations calculated in accordance with this section shall be adjusted to the extent necessary to comply with RCW 74.46.421.

**Sec. 16.** RCW 74.46.521 and 2007 c 508 s 5 are each amended to read as follows:

(1) The operations component rate allocation corresponds to the general operation of a nursing facility for one resident for one day, including but not limited to management, administration, utilities, office supplies, accounting and bookkeeping, minor building maintenance, minor equipment repairs and replacements, and other supplies and services, exclusive of direct care, therapy care, support services, property, financing allowance, and variable return.

(2) ((Except as provided in subsection (4) of this section, beginning October 1, 1998,)) The department shall determine each medicaid nursing facility's operations component rate allocation using cost report data specified by RCW 74.46.431(7)(a). ((Effective July 1, 2002,)) Operations component rates for ((all facilities except)) essential community providers shall be based upon a minimum occupancy of ((ninety)) eighty-five percent of licensed beds((, and no operations component rate shall be revised in response to beds banked on or after May 25, 2001, under chapter 70.38 RCW)). Operations component rates for small nonessential community providers shall be based upon a minimum occupancy of ninety percent of licensed beds. Operations component rates for

large nonessential community providers shall be based upon a minimum occupancy of ninety-two percent of licensed beds.

(3) ((Except as provided in subsection (4) of this section,)) For all calculations and adjustments in this subsection, the department shall use the greater of the facility's actual occupancy or an imputed occupancy equal to eighty-five percent for essential community providers, ninety percent for small nonessential community providers, or ninety-two percent for large nonessential community providers. To determine each facility's operations component rate the department shall:

(a) Array facilities' adjusted general operations costs per adjusted resident day, as determined by dividing each facility's total allowable operations cost by its adjusted resident days for the same report period((, increased if necessary to a minimum occupancy of ninety percent; that is, the greater of actual or imputed occupancy at ninety percent of licensed beds, for each facility from facilities' cost reports from the applicable report year,)) for facilities located within urban counties and for those located within nonurban counties and determine the median adjusted cost for each peer group;

(b) Set each facility's operations component rate at the lower of:

(i) The facility's per resident day adjusted operations costs from the applicable cost report period adjusted if necessary ((to a)) for minimum occupancy ((of eighty five percent of licensed beds before July 1, 2002, and ninety percent effective July 1, 2002)); or

(ii) The adjusted median per resident day general operations cost for that facility's peer group, urban counties or nonurban counties; and

(c) Adjust each facility's operations component rate for economic trends and conditions as provided in RCW 74.46.431(7)(b).

(4)((a) Effective July 1, 2006, through June 30, 2007, for any facility whose direct care component rate allocation is set equal to its June 30, 2006, direct care component rate allocation, as provided in RCW 74.46.506(5), the facility's operations component rate allocation shall also be set equal to the facility's June 30, 2006, operations component rate allocation.

((b) The operations component rate allocation for facilities whose operations component rate is set equal to their June 30, 2006, operations component rate, shall be adjusted for economic trends and conditions as provided in RCW 74.46.431(7)(b).)

((5)) The operations component rate allocations calculated in accordance with this section shall be adjusted to the extent necessary to comply with RCW 74.46.421.

**Sec. 17.** RCW 74.46.835 and 1998 c 322 s 46 are each amended to read as follows:

(1) Payment for direct care at the pilot nursing facility in King county designed to meet the service needs of residents living with AIDS, as defined in RCW 70.24.017, and as specifically authorized for this purpose under chapter 9, Laws of 1989 1st ex. sess., shall be exempt from case mix methods of rate determination set forth in this chapter and shall be exempt from the direct care metropolitan statistical area peer group cost limitation set forth in this chapter.

(2) Direct care component rates at the AIDS pilot facility shall be based on direct care reported costs at the pilot facility, utilizing the same ((three year,)) rate-setting cycle prescribed for other nursing facilities, and as supported by a staffing benchmark based upon a department-approved acuity measurement system.

(3) The provisions of RCW 74.46.421 and all other rate-setting principles, cost lids, and limits, including settlement as provided in ((RCW 74.46.165)) rule shall apply to the AIDS pilot facility.

(4) This section applies only to the AIDS pilot nursing facility.

**Sec. 18.** RCW 74.46.800 and 1998 c 322 s 42 are each amended to read as follows:

(1) The department shall have authority to adopt, amend, and rescind such administrative rules and definitions as it deems necessary to carry out the policies and purposes of this chapter and

to resolve issues and develop procedures ((that it deems necessary)) to implement, update, and improve ((the case mix elements of)) the nursing facility medicaid payment system.

(2) Nothing in this chapter shall be construed to require the department to adopt or employ any calculations, steps, tests, methodologies, alternate methodologies, indexes, formulas, mathematical or statistical models, concepts, or procedures for medicaid rate setting or payment that are not expressly called for in this chapter.

**NEW SECTION. Sec. 19.** A new section is added to chapter 74.46 RCW to read as follows:

The department shall establish, by rule, the procedures, principles, and conditions for the nursing facility medicaid payment system addressed by the following principles:

(1) The department must receive complete, annual reporting of all costs and the financial condition of each contractor, prepared and presented in a standardized manner. The department shall establish, by rule, due dates, requirements for cost report completion, actions required for improperly completed or late cost reports, fines for any statutory or regulatory noncompliance, retention requirements, and public disclosure requirements.

(2) The department shall examine all cost reports to determine whether the information is correct, complete, and reported in compliance with this chapter, department rules and instructions, and generally accepted accounting principles.

(3) Each contractor must establish and maintain, as a service to the resident, a bookkeeping system incorporated into the business records for all resident funds entrusted to the contractor and received by the contractor for the resident. The department shall adopt rules to ensure that resident personal funds handled by the contractor are maintained by each contractor in a manner that is, at a minimum, consistent with federal requirements.

(4) The department shall have the authority to audit resident trust funds and receivables, at its discretion.

(5) Contractors shall provide the department access to the nursing facility, all financial and statistical records, and all working papers that are in support of the cost report, receivables, and resident trust funds.

(6) The department shall establish a settlement process in order to reconcile medicaid resident days to billed days and medicaid payments for the preceding calendar year. The settlement process shall ensure that any savings in the direct care or therapy care component rates be shifted only between direct care and therapy care component rates, and shall not be shifted into any other rate components.

(7) The department shall define and identify allowable and unallowable costs.

(8) A contractor shall bill the department for care provided to medicaid recipients, and the department shall pay a contractor for service rendered under the facility contract and appropriately billed. Billing and payment procedures shall be specified by rule.

(9) The department shall establish the conditions for participation in the nursing facility medicaid payment system.

(10) The department shall establish procedures and a rate setting methodology for a change of ownership.

(11) The department shall establish, consistent with federal requirements for nursing facilities participating in the medicaid program, an appeals or exception procedure that allows individual nursing home providers an opportunity to receive prompt administrative review of payment rates with respect to such issues as the department deems appropriate.

(12) The department shall have authority to adopt, amend, and rescind such administrative rules and definitions as it deems necessary to carry out the policies and purposes of this chapter.

**NEW SECTION. Sec. 20.** A new section is added to chapter 74.46 RCW to read as follows:

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The department shall establish, by rule, the procedures, principles, and conditions for a pay-for-performance supplemental payment structure that provides payment add-ons for high performing facilities. To the extent that funds are appropriated for this purpose, the pay-for-performance structure will include a one percent reduction in payments to facilities with exceptionally high direct care staff turnover, and a method by which the funding that is not paid to these facilities is then used to provide a supplemental payment to facilities with lower direct care staff turnover.

**NEW SECTION. Sec. 21.** The following acts or parts of acts are each repealed:

(1) RCW 74.46.030 (Principles of reporting requirements) and 1980 c 177 s 3;

(2) RCW 74.46.040 (Due dates for cost reports) and 1998 c 322 s 3, 1985 c 361 s 4, 1983 1st ex.s. c 67 s 1, & 1980 c 177 s 4;

(3) RCW 74.46.050 (Improperly completed or late cost report--Fines--Adverse rate actions--Rules) and 1998 c 322 s 4, 1985 c 361 s 5, & 1980 c 177 s 5;

(4) RCW 74.46.060 (Completing cost reports and maintaining records) and 1998 c 322 s 5, 1985 c 361 s 6, 1983 1st ex.s. c 67 s 2, & 1980 c 177 s 6;

(5) RCW 74.46.080 (Requirements for retention of records by the contractor) and 1998 c 322 s 6, 1985 c 361 s 7, 1983 1st ex.s. c 67 s 3, & 1980 c 177 s 8;

(6) RCW 74.46.090 (Retention of cost reports and resident assessment information by the department) and 1998 c 322 s 7, 1985 c 361 s 8, & 1980 c 177 s 9;

(7) RCW 74.46.100 (Purposes of department audits--Examination--Incomplete or incorrect reports--Contractor's duties--Access to facility--Fines--Adverse rate actions) and 1998 c 322 s 8, 1985 c 361 s 9, 1983 1st ex.s. c 67 s 4, & 1980 c 177 s 10;

(8) RCW 74.46.155 (Reconciliation of medicaid resident days to billed days and medicaid payments--Payments due--Accrued interest--Withholding funds) and 1998 c 322 s 9;

(9) RCW 74.46.165 (Proposed settlement report--Payment refunds--Overpayments--Determination of unused rate funds--Total and component payment rates) and 2001 1st sp.s. c 8 s 2 & 1998 c 322 s 10;

(10) RCW 74.46.190 (Principles of allowable costs) and 1998 c 322 s 11, 1995 1st sp.s. c 18 s 96, 1983 1st ex.s. c 67 s 12, & 1980 c 177 s 19;

(11) RCW 74.46.200 (Offset of miscellaneous revenues) and 1980 c 177 s 20;

(12) RCW 74.46.220 (Payments to related organizations--Limits--Documentation) and 1998 c 322 s 12 & 1980 c 177 s 22;

(13) RCW 74.46.230 (Initial cost of operation) and 1998 c 322 s 13, 1993 sp.s. c 13 s 3, & 1980 c 177 s 23;

(14) RCW 74.46.240 (Education and training) and 1980 c 177 s 24;

(15) RCW 74.46.250 (Owner or relative--Compensation) and 1980 c 177 s 25;

(16) RCW 74.46.270 (Disclosure and approval or rejection of cost allocation) and 1998 c 322 s 14, 1983 1st ex.s. c 67 s 13, & 1980 c 177 s 27;

(17) RCW 74.46.280 (Management fees, agreements--Limitation on scope of services) and 1998 c 322 s 15, 1993 sp.s. c 13 s 4, & 1980 c 177 s 28;

(18) RCW 74.46.290 (Expense for construction interest) and 1980 c 177 s 29;

(19) RCW 74.46.300 (Operating leases of office equipment--Rules) and 1998 c 322 s 16 & 1980 c 177 s 30;

(20) RCW 74.46.310 (Capitalization) and 1983 1st ex.s. c 67 s 16 & 1980 c 177 s 31;

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- (21) RCW 74.46.320 (Depreciation expense) and 1980 c 177 s 32;
- (22) RCW 74.46.330 (Depreciable assets) and 1980 c 177 s 33;
- (23) RCW 74.46.340 (Land, improvements--Depreciation) and 1980 c 177 s 34;
- (24) RCW 74.46.350 (Methods of depreciation) and 1999 c 353 s 13 & 1980 c 177 s 35;
- (25) RCW 74.46.360 (Cost basis of land and depreciation base of depreciable assets) and 1999 c 353 s 2, 1997 c 277 s 1, 1991 sp.s. c 8 s 18, & 1989 c 372 s 14;
- (26) RCW 74.46.370 (Lives of assets) and 1999 c 353 s 14, 1997 c 277 s 2, & 1980 c 177 s 37;
- (27) RCW 74.46.380 (Depreciable assets) and 1993 sp.s. c 13 s 5, 1991 sp.s. c 8 s 12, & 1980 c 177 s 38;
- (28) RCW 74.46.390 (Gains and losses upon replacement of depreciable assets) and 1980 c 177 s 39;
- (29) RCW 74.46.410 (Unallowable costs) and 2007 c 508 s 1, 2001 1st sp.s. c 8 s 3, 1998 c 322 s 17, 1995 1st sp.s. c 18 s 97, 1993 sp.s. c 13 s 6, 1991 sp.s. c 8 s 15, 1989 c 372 s 2, 1986 c 175 s 3, 1983 1st ex.s. c 67 s 17, & 1980 c 177 s 41;
- (30) RCW 74.46.445 (Contractors--Rate adjustments) and 1999 c 353 s 15;
- (31) RCW 74.46.533 (Combined and estimated rebased rates--Determination--Hold harmless provision) and 2007 c 508 s 6;
- (32) RCW 74.46.600 (Billing period) and 1980 c 177 s 60;
- (33) RCW 74.46.610 (Billing procedure--Rules) and 1998 c 322 s 32, 1983 1st ex.s. c 67 s 33, & 1980 c 177 s 61;
- (34) RCW 74.46.620 (Payment) and 1998 c 322 s 33 & 1980 c 177 s 62;
- (35) RCW 74.46.625 (Supplemental payments) and 1999 c 392 s 1;
- (36) RCW 74.46.630 (Charges to patients) and 1998 c 322 s 34 & 1980 c 177 s 63;
- (37) RCW 74.46.640 (Suspension of payments) and 1998 c 322 s 35, 1995 1st sp.s. c 18 s 112, 1983 1st ex.s. c 67 s 34, & 1980 c 177 s 64;
- (38) RCW 74.46.650 (Termination of payments) and 1998 c 322 s 36 & 1980 c 177 s 65;
- (39) RCW 74.46.660 (Conditions of participation) and 1998 c 322 s 37, 1992 c 215 s 1, 1991 sp.s. c 8 s 13, & 1980 c 177 s 66;
- (40) RCW 74.46.680 (Change of ownership--Assignment of department's contract) and 1998 c 322 s 38, 1985 c 361 s 2, & 1980 c 177 s 68;
- (41) RCW 74.46.690 (Change of ownership--Final reports--Settlement) and 1998 c 322 s 39, 1995 1st sp.s. c 18 s 113, 1985 c 361 s 3, 1983 1st ex.s. c 67 s 36, & 1980 c 177 s 69;
- (42) RCW 74.46.700 (Resident personal funds--Records--Rules) and 1991 sp.s. c 8 s 19 & 1980 c 177 s 70;
- (43) RCW 74.46.711 (Resident personal funds--Conveyance upon death of resident) and 2001 1st sp.s. c 8 s 14 & 1995 1st sp.s. c 18 s 69;
- (44) RCW 74.46.770 (Contractor appeals--Challenges of laws, rules, or contract provisions--Challenge based on federal law) and 1998 c 322 s 40, 1995 1st sp.s. c 18 s 114, 1983 1st ex.s. c 67 s 39, & 1980 c 177 s 77;
- (45) RCW 74.46.780 (Appeals or exception procedure) and 1998 c 322 s 41, 1995 1st sp.s. c 18 s 115, 1989 c 175 s 159, 1983 1st ex.s. c 67 s 40, & 1980 c 177 s 78;
- (46) RCW 74.46.790 (Denial, suspension, or revocation of license or provisional license--Penalties) and 1980 c 177 s 79;
- (47) RCW 74.46.820 (Public disclosure) and 2005 c 274 s 356, 1998 c 322 s 43, 1985 c 361 s 14, 1983 1st ex.s. c 67 s 41, & 1980 c 177 s 82;
- (48) RCW 74.46.900 (Severability--1980 c 177) and 1980 c 177 s 93;

(49) RCW 74.46.901 (Effective dates--1983 1st ex.s. c 67; 1980 c 177) and 1983 1st ex.s. c 67 s 49, 1981 1st ex.s. c 2 s 10, & 1980 c 177 s 94;

(50) RCW 74.46.902 (Section captions--1980 c 177) and 1980 c 177 s 89;

(51) RCW 74.46.905 (Severability--1983 1st ex.s. c 67) and 1983 1st ex.s. c 67 s 43; and

(52) RCW 74.46.906 (Effective date--1998 c 322 §§ 1-37, 40-49, and 52-54) and 1998 c 322 s 55.

**NEW SECTION. Sec. 22.** The following acts or parts of acts are each repealed, effective July 1, 2011: RCW 74.46.433 (Variable return component rate allocation) and 2010 1st sp.s. c ... (SSB 6872) s 4, 2006 c 258 s 3, 2001 1st sp.s. c 8 s 6, & 1999 c 353 s 9.

**NEW SECTION. Sec. 23.** 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, 2010."

Senators Keiser and Marr spoke in favor of adoption of the striking amendment.

Senator Pflug spoke against adoption of the striking amendment.

#### POINT OF INQUIRY

Senator Brandland: "Would Senator Eide yield to a question? Senator Eide, is this the last bill?"

Senator Eide: "Yes."

The President declared the question before the Senate to be the adoption of the striking amendment by Senators Keiser and Marr to Substitute Senate Bill No. 6872.

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

#### MOTION

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

On page 1, line 1 of the title, after "payments;" strike the remainder of the title and insert "amending RCW 74.46.010, 74.46.020, 74.46.431, 74.46.433, 74.46.435, 74.46.437, 74.46.439, 74.46.475, 74.46.485, 74.46.496, 74.46.501, 74.46.506, 74.46.508, 74.46.511, 74.46.515, 74.46.521, 74.46.835, and 74.46.800; adding new sections to chapter 74.46 RCW; repealing RCW 74.46.030, 74.46.040, 74.46.050, 74.46.060, 74.46.080, 74.46.090, 74.46.100, 74.46.155, 74.46.165, 74.46.190, 74.46.200, 74.46.220, 74.46.230, 74.46.240, 74.46.250, 74.46.270, 74.46.280, 74.46.290, 74.46.300, 74.46.310, 74.46.320, 74.46.330, 74.46.340, 74.46.350, 74.46.360, 74.46.370, 74.46.380, 74.46.390, 74.46.410, 74.46.445, 74.46.533, 74.46.600, 74.46.610, 74.46.620, 74.46.625, 74.46.630, 74.46.640, 74.46.650, 74.46.660, 74.46.680, 74.46.690, 74.46.700, 74.46.711, 74.46.770, 74.46.780, 74.46.790, 74.46.820, 74.46.900, 74.46.901, 74.46.902, 74.46.905, 74.46.906, and 74.46.433; providing effective dates; and declaring an emergency."

#### MOTION

On motion of Senator Keiser, the rules were suspended, Engrossed Substitute Senate Bill No. 6872 was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senator Keiser spoke in favor of passage of the bill.

#### POINT OF INQUIRY

Senator Roach: "Would Senator Keiser yield to a question? We did have just a, by one of the previous speaker's, a list of some of the groups that had been around the table with you to come to the conclusion to this amendment and now the bill. So, but I didn't specifically hear what nursing home operators and owners had to put in here for input. Do they like it? What's their thinking? Will they better achieve a reimbursement for Medicaid. What's going on here with that?"

Senator Keiser: "Thank you Senator. We have reached agreement that this approach is fair and equitable approach for all of the different nursing home facilities. No one likes to agree to a cut in funding. This is a cut in funding but it's a lower cut than previous proposals and it's a lower cut than other services are facing. So, all parties including nursing homes represented by the two main associations have agreed to be accepting of this proposed legislation."

Senator Roach: "We have gone back in time several times, the senate has and brought up the Rossi budget where there was a tax on nursing home beds because we were all told that the industry wanted it. This isn't a tax but it seems to be a cut so I want to know that we're not being sold something that they really don't want. That they're put around the table, that they're coerced to agree to and that's what I'd like you to tell us what's going on with this."

Senator Keiser: "I can't speak for them Senator but I do think in good faith they have shaken hands with them and they've agreed to this proposal."

Senators Pflug and Honeyford spoke against passage of the bill.

The President declared the question before the Senate to be the final passage of Engrossed Substitute Senate Bill No. 6872.

#### ROLL CALL

The Secretary called the roll on the final passage of Engrossed Substitute Senate Bill No. 6872 and the bill passed the Senate by the following vote: Yeas, 30; Nays, 14; Absent, 0; Excused, 5.

Voting yea: Senators Berkey, Brandland, Brown, Eide, Fairley, Franklin, Fraser, Gordon, Hargrove, Hatfield, Hobbs, Jacobsen, Kastama, Kauffman, Keiser, Kilmer, Kline, Kohl-Welles, Marr, McAuliffe, McDermott, Murray, Oemig, Prentice, Pridemore, Ranker, Regala, Rockefeller, Shin and Tom

Voting nay: Senators Becker, Benton, Carrell, Haugen, Hewitt, Holmquist, Honeyford, King, Parlette, Pflug, Roach, Schoesler, Sheldon and Swecker

Excused: Senators Delvin, McCaslin, Morton, Stevens and Zarelli

ENGROSSED SUBSTITUTE SENATE BILL NO. 6872, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

#### MOTION

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

#### MESSAGE FROM THE HOUSE

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and the same are herewith transmitted.

MR. PRESIDENT:

The House has adopted:

HOUSE CONCURRENT RESOLUTION 4410.

and the same is herewith transmitted.

BARBARA BAKER, Chief Clerk

MOTION

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

THIRD SUPPLEMENTAL INTRODUCTION AND FIRST READING OF HOUSE BILLS

HCR 4410 by Representatives Kessler and Kretz

Adjourning sine die.

MOTION

On motion of Senator Eide, the rules were suspended and House Concurrent Resolution No. 4410 was placed on the second reading calendar.

MOTION

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

SECOND READING

HOUSE CONCURRENT RESOLUTION NO. 4410, by Representatives Kessler and Kretz

Adjourning sine die.

The measure was read the second time.

MOTION

On motion of Senator Eide, the rules were suspended and House Concurrent Resolution No. 4410 was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

The President declared the question before the Senate to be the final passage of House Concurrent Resolution No. 4410.

HOUSE CONCURRENT RESOLUTION NO. 4410 was adopted by voice vote.

MOTION

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

MESSAGE FROM THE HOUSE

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MR. PRESIDENT:

The Speaker has signed:

ENGROSSED HOUSE BILL 2561,  
HOUSE BILL 3197.

BARBARA BAKER, Chief Clerk

SIGNED BY THE PRESIDENT

The President signed:

ENGROSSED HOUSE BILL 2561.

HOUSE BILL 3197.

MESSAGE FROM THE HOUSE

April 12, 2010

MR. PRESIDENT:

The House has passed:

ENGROSSED SECOND SUBSTITUTE SENATE BILL NO. 6409.

and the same is herewith transmitted.

BARBARA BAKER, Chief Clerk

MESSAGE FROM THE HOUSE

April 12, 2010

MR. PRESIDENT:

The House has passed:

ENGROSSED SUBSTITUTE SENATE BILL NO. 6872.

and the same is herewith transmitted.

BARBARA BAKER, Chief Clerk

MESSAGE FROM THE HOUSE

April 12, 2010

MR. PRESIDENT:

The House concurred in the Senate amendment to ENGROSSED SUBSTITUTE HOUSE BILL NO. 2836 and passed the bill as amended by the Senate.

and the same is herewith transmitted.

BARBARA BAKER, Chief Clerk

MESSAGE FROM THE HOUSE

April 12, 2010

MR. PRESIDENT:

The Speaker has signed:

ENGROSSED SUBSTITUTE HOUSE BILL NO. 2836.

and the same is herewith transmitted.

BARBARA BAKER, Chief Clerk

MESSAGE FROM THE HOUSE

April 12, 2010

MR. PRESIDENT:

The House has passed:

SENATE CONCURRENT RESOLUTION NO. 8414.

and the same is herewith transmitted.

BARBARA BAKER, Chief Clerk

SIGNED BY THE PRESIDENT

The President signed:

SENATE CONCURRENT RESOLUTION 8414.

SIGNED BY THE PRESIDENT

The President signed:

ENGROSSED SECOND SUBSTITUTE SENATE BILL  
6409.,SUBSTITUTE SENATE BILL 6727,  
ENGROSSED SUBSTITUTE SENATE BILL 6872.

MESSAGE FROM THE HOUSE

April 12, 2010

MR. PRESIDENT:

The Speaker has signed:

ENGROSSED SECOND SUBSTITUTE SENATE BILL  
6409,

SUBSTITUTE SENATE BILL 6727,

ENGROSSED SUBSTITUTE SENATE BILL 6872,  
SENATE CONCURRENT RESOLUTION 8414.

and the same are herewith transmitted.

BARBARA BAKER, Chief Clerk

MESSAGE FROM THE HOUSE

April 12, 2010

MR. PRESIDENT:

The Speaker has signed:

HOUSE CONCURRENT RESOLUTION NO. 4410.

and the same is herewith transmitted.

BARBARA BAKER, Chief Clerk

SIGNED BY THE PRESIDENT

The President is signed:

ENGROSSED SUBSTITUTE HOUSE BILL 2836,  
HOUSE CONCURRENT RESOLUTION 4410.

MESSAGE FROM THE HOUSE

April 12, 2010

MR. PRESIDENT:

Under the provisions of SENATE CONCURRENT  
RESOLUTION NO. 8414, the following Senate bills are returned  
to the Senate:

ENGROSSED SUBSTITUTE SENATE BILL 5899,  
SECOND SUBSTITUTE SENATE BILL 6678,  
SUBSTITUTE SENATE BILL 6698,  
SUBSTITUTE SENATE BILL 6721,

SUBSTITUTE SENATE CONCURRENT RESOLUTION  
8409.

and the same are herewith transmitted.

BARBARA BAKER, Chief Clerk

MOTION

On motion of Senator McDermott and without objections, all  
measures remaining on the second and third reading calendars  
were returned to the Committee on Rules.

MOTION

Under the provisions of SENATE CONCURRENT  
RESOLUTION NO. 8414, the following House Bills were  
returned to the House of Representatives:

HOUSE BILL 1697,

SUBSTITUTE HOUSE BILL 2416,

SUBSTITUTE HOUSE BILL 2580,

SECOND SUBSTITUTE HOUSE BILL 2854,

ENGROSSED SUBSTITUTE HOUSE BILL 2875,

ENGROSSED SUBSTITUTE HOUSE BILL 2954,

ENGROSSED HOUSE BILL 2969,

HOUSE BILL 2984,

ENGROSSED SUBSTITUTE HOUSE BILL 3048,

ENGROSSED SUBSTITUTE HOUSE BILL 3182,

ENGROSSED SUBSTITUTE HOUSE BILL 3186,

MOTION

On motion of Senator Eide, the reading of the Journal for the  
29<sup>th</sup> day of the 2010 First Special Session of the 61<sup>st</sup> Legislature  
was dispensed with and it was approved.

MOTION

At 1:12 a.m. Tuesday, April 13, 2010, on motion of Senator  
Eide, the 2010 First Special Session of the Sixty-First Legislature  
adjourned SINE DIE.

BRAD OWEN, President of the Senate

TOM HOEMAN, Secretary of the Senate

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